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Cuba

Cuba's Castro 'Worried' About Spain's People's Party

BR2501135296 Madrid EL PAIS in Spanish 25 Jan 96 p 27

[Report by Mauricio Vicent: "Fidel Castro, Worried About Possible People's Party Victory"]

[FBIS Translated Text] Havana — Last Tuesday, in Havana, [Spanish] Public Works and Transport Minister Jose Borrell held a five-hour meeting with [Cuban President] Fidel Castro, with whom he spoke about the upcoming elections in Spain and the possible consequences of a People's Party victory for Cuba. Borrell later stated that in the course of the meeting — during a dinner held at Castro's residence — the Cuban statesman showed himself worried by such a possibility, since he is aware that "because of obvious ideological affinities, relations with Cuba will be better if a left-wing party governs Spain."

The Spanish minister said that "Cuba acknowledges and is grateful for Spain's, and particularly [Prime Minister] Felipe Gonzalez', efforts during the European presidency to influence and convince other European countries that the process of cooperation between the EU and Cuba must be pursued as an accompanying element of the process of political and economic change, rather than as a precondition." "Of course, the Cuban authorities are aware that this may not be the case if a government is elected with different ideological premises," the minister claimed.

Borrel, who yesterday met [Cuban] Foreign Minister Roberto Robaina, said that the Cuban president was sending Felipe Gonzalez his "best wishes" for the election campaign, and he remarked that the presence of Cuban-American National Foundation President Jorge Mas Canosa at the People's Party's 12th Congress, held last weekend in Madrid, "was not welcomed by the Cuban authorities, given the characteristics of the person in question."

The same point was made by Foreign Minister Roberto Robaina, who said that the People's Party could invite anyone it pleased to its Congress, but that he hoped that "any Spanish Government will realize that the links between the two countries are much too strong to be severed." In support of his message of hope, Robaina said that "no doubt, if developments continue in the direction suggested by these statements, a difficult period will begin, but even in very difficult periods we have always been ready to talk and to discuss."

Cuba's Robaina Condemns Water, Air Violations

PA2601061096 Havana PRENSA LATINA in Spanish 0225 GMT 26 Jan 96

[FBIS Translated Text] Havana, 25 Jan (PL) — Cuban Foreign Relations Minister Roberto Robaina today restated that the Cuban Government condemns the violation of Cuba's waters or airspace. Robaina said the perpetrators of these actions "are taking an enormous risk."

We do not usually resort to threats, we have exercised patience, but our patience has a limit, Robaina stated. He added, "We will not allow these actions to occur repeatedly and irresponsibly."

On 9 and 13 January, small airplanes from the United States violated the airspace of the Havana Provinces in various locations, dropping subversive leaflets against the Cuban Revolution.

Robaina affirmed that Cuba does not lack the resources or capabilities to prevent this kind of occurrence. He expressed confidence that the sponsors of these activities will take the necessary measures to prevent major tragedies.

We have many ways to spot these incursions. Nevertheless, we avoid falling prey to a provocation that could be used later to blame Cuba for initiating a conflict, Robaina said.

However, Robaina underscored, neither will we allow these actions to foster any sort of insecurity among the (Cuban) people.

Robaina spoke with PRENSA LATINA when he visited western Cuba along with diplomats who are accredited in this country.

Cuban Economists: 3 'Feasible' Growth Prospects

PA2501145896 Havana PRENSA LATINA in Spanish 0554 GMT 20 Jan 96

[By Elsy Fors]

[FBIS Translated Text] Havana, 20 Jan (PL) — Specialists of the Center for Cuban Economic Studies (CEEC) have estimated three feasible economic growth prospects, varying between 5 and 8 percent, for 1996. All the prospects depend on the production of sugar and the price of sugar in the international market.

During the second and last day of a seminar the institution offers every year to give its assessments and estimates as well as to suggest actions to the government, CEEC Director Juan Triana Cordovi said their estimates were based on the selling of Cuban sugar expects to produce 4.5 million metric tons of sugar, an increase of more than 1 million metric tons over the previous harvest. The sugar industry has been one of the weakest economic sectors over the past few years.

[Mexico City NOTIMEX in Spanish at 2032 GMT on 22 January adds that Cuban leaders expect to halt the decline in the sugar industry so as to reach "the goal of a 5-percent increase in the GDP over 1995." In addition, Lage told reporters that "the sugar industry's economic recovery in the short and medium term is necessary to achieve Cuba's economic recovery." In 1995, Cuba's sugar production amounted to "3.3 million metric tons, which is the country's lowest record in 50 years." For the first time in history, tourism replaced the sugar industry as the country's main source of foreign exchange. In order to reactivate the sugar industry, "Cuba has acquired loans worth $300 million that should be paid with $50 million in short-term interest with sugar production as a guarantee." According to official sources, without the failure of the sugar industry, Cuba's GDP would have been 7 percent instead of the 2.5 percent that was reported in 1995.]

Minister: Cuba Not To Stop Medical Investment Program

PA2501150396 Havana PRENSA LATINA in Spanish 0527 GMT 20 Jan 96

[By Lidia Senaris]

[FBIS Translated Text] Havana, 20 Jan (PL) — Cuba has not stopped nor will it stop its investment program in the medical-pharmaceutical industry despite the difficult economic situation in the country, Cuban Health Minister Carlos Dotres Martinez has said here.

In an interview with PRENSA LATINA, Dotres has said his organization is planning to finish five new production plants in 1996, including plants to produce dental anesthetics, insulin, antibiotics, cytostatic serums, and oral contraceptives.

The country manufactures 87 percent of the 914 medicines our people consume, a point which lowers, he added, the price of those products. It is always more expensive to import a manufactured product than a raw material.

Dotres has said it is "a government decision" to maintain the so-called "import substitution program" in the medical-pharmaceutical industry. This program contemplates assuming, domestically, the largest number of possible products in a given industry.

He has said we have been able to face the current economic situation and abate its impact on the health care system and the health of Cubans thanks to this initiative.

According to Dotres, the U.S. blockade against Cuba has been equally stringent regarding the area of health. "We have been trying as of six months ago to purchase a certain anesthetic from several subsidiaries of U.S. companies, and we have been unable to obtain it yet, because they are not authorized to sell products to Cuba," he cited as an example.

Thus, caught in the crossfire of the blockade and the hardships of the world economy, Cuba is planning to explore new areas for export and to earn financial resources, and it is exploring with increasing expertise the demanding international pharmaceutical market.

Asked about this matter, Dotres has said: "It is not a dream. We are perfectly capable of doing this, and we have even done it. We have already been able to meet our needs and to produce a stock of medicines for export to other markets."

Only with determination and thanks to the country's substantial material and human investment in this area, we have been able to maintain and, in several instances, to improve the positive health indicators Cuba has displayed, he concluded.

Cuban Commentary on New Property Forms, Socialism

PA2501193196 Havana Radio Rebelde Network in Spanish 1800 GMT 24 Jan 96

[Commentary by Osvaldo Rodriguez Martinez; from the "National Radio News" newscast]

[FBIS Translated Text] The Cuban economic spectrum is currently characterized by the emergence of new forms of property outside the socialist model. These new economic forms have emerged as a result of the necessary transformations suffered by the productive and trade sectors to adapt the country to the new conditions imposed by the collapse of the East European socialist bloc.

Some people wonder whether socialism can coexist with private or joint property; the existence of foreign private capital; and the leasing of state—owned means of labor [medios estatales de trabajo].

The answer lies with the Marxist classics, which argue that dialectics should determine what will be forms and methods needed to reach the basic principles that rule a socialist system. In addition, even Lenin proposed the possibility of building capitalism under the direction of the working class.

Cuba is currently struggling between the hatred of its enemies and the determination of most Cubans to maintain, at any price, revolutionary power, despite the hardships imposed by a campaign to stifle its economy. This campaign is the main cause of the shortages Cubans have endured over the past years.

Restructuring its economy and adapting to new conditions, Cuba has gone through the bitter experience of implementing methods that are not welcomed by a majority, as was the case when there was barely an obstacle along its path. Accepting as valid coexistence with national private property and even encouraging individual work are not signs that Cuba is abandoning the supreme objective of socialism. Introducing certain market practices without letting its blind forces drag Cubans along represents a challenge to the strength of our ideas.

This does not necessarily imply that Cubans have accepted the ideology that promotes the market as an end in itself. We cannot allow ourselves to be confused by those who believe we are returning to capitalism and who are even promoting making such a transition as speedy as possible.

Cuba has confirmed its determination to continue walking on the most humane political and social path, and proof of this is that the welfare of Cuban workers and their families continues to be the key consideration of the current process. The path toward the supreme objective becomes more difficult now, and consequently, more tedious. However, the troubles of this period will bring their rewards once these difficult times become history and victory welcomes us again with a fair smile.

Cuban 'Sources': Argentine Minister Welcome To Visit

PA2501154496 Mexico City NOTIMEX in Spanish 1535 GMT 20 Jan 96

[FBIS Translated Text] Havana, 19 Jan (NOTIMEX) — Cuban Foreign Ministry sources told NOTIMEX today that Argentine Foreign Minister Guido di Tella "will be welcome" if he decides to travel to Havana this year, responding to the invitation made by his Cuban colleague, Roberto Robaina.

"We have not received confirmation through diplomatic channels so far, but if he does accept the invitation, we will be able to meet with him and dialogue with him, and he will determine the reality of our country here," they added.

Di Tella told the Buenos Aires newspaper CLARIN on 19 January that he planned to visit the island this year, in response to an invitation the Cuban Foreign Minister made in 1994.

An Argentine embassy source in this capital city has refused to comment on the Argentine newspaper's report on di Tella's trip, the date of which is still to be determined.

According to CLARIN, Cuba and Argentina are furthering talks to capitalize the $1.4 million Havana owes Buenos Aires.

The government-owned radio station announced yesterday evening that the Argentine foreign minister's visit will be a new and positive message from the Buenos Aires government. It also recalled that President Carlos Menem criticized the U.S. embargo of Cuba during the fifth Ibero-American Summit. On that occasion, the final statement of the summit, which was held in Bariloche, Argentina, stressed that the leaders of Latin America, Spain, and Portugal "rejected unilateral, coercive measures that negatively affect the well-being of the Ibero-American nations."

Menem, who has been one of the most scathing critics of President Fidel Castro's government, said the outcome of the summit was "successful" but stated last October that "there has been no change in Cuba's political situation."

Regarding its economic order, the Argentine president said "Castro had implemented a small opening for foreign capital."

Di Tella and Carlos Amat, the Cuban justice minister, signed an agreement in Buenos Aires last November to promote and protect investments. According to local sources, this agreement will facilitate the increase of bilateral economic cooperation.

Cuba's Ross Leal Views Workers' Congress Topics

PA2501192496 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jan 96

[Report by Barbara Betancourt from the "Evening Information Review" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Workers assemblies have been underway at various work places on the island [words indistinct] since 15 January to discuss, as is customary, the theses of the 17th Congress of the Central Organization of Cuban Trade Unions [CTC]. There are 11 theses referring to an equal number of topics, and they basically strive toward encouraging a deliberation on how workers and labor movements must assume current and future economic changes and the country's development prospects.

The topics include: The world, the workers, and the Cuban situation; our strategy does not lead to capitalism;

the struggle for an efficient and competitive economy; the decisive effort for sugar production; the employment problem and labor reorganization; workers' salaries; labor unions actions; labor agreements and the [words indistinct]; work for [word indistinct] and triumph of the Basic Cooperative Production Units [UBPC]; labor unions' are for and by the workers; to defend the revolution is to guarantee our power and to maintain unity in the workers ranks.

CTC Secretary General Pedro Ross Leal appeared on Radio Rebelde's morning newscast to comment, among other issues, on the topics that are most discussed by the workers in the assemblies to prepare for the 17th Congress:

[Ross Leal] "One of the topics discussed the most is the second one; that is, our strategy does not lead to capitalism. This reflects the workers' awareness and firmness about what is best for our working class, workers, and people for the construction of socialism, for the defense of our achievements, as well as for [word indistinct] the country, for equity and equality, and for the protection of the helpless, the elderly, the children, the sick, the handicapped, as the revolution has done throughout these years in our country.

"Another important issue [words indistinct] experience I have on Antillean [words indistinct], the machete factory, the Center for Studies on America, or the San Jose Cable Company, where I have been until now, deals with economic efficiency. The workers are at the center of the matter, which is vital for the country, now and in the future, meaning to achieve economic efficiency. Important progress has been made in this regard. They are not only saying it is necessary to achieve economic efficiency [words indistinct]. They are also showing how to achieve efficiency at the work place, what must be corrected, what must be done, what their responsibility is, what the leaders' responsibility is, what the authorities' responsibility is, what the officials' responsibility is. In sum, what to do with what we have. People are not asking for the impossible, either. They are asking for the essential things to work, to do things better, and to achieve efficiency."

Preparations for this congress, particularly the discussion of its theses, has coincided with the beginning of the sugarcane harvest, on which the country has centered its hopes to definitely achieve its economic recovery; therefore, it is not surprising that sugarcane workers [words indistinct] documents for the workers meetings.

[Ross Leal] "While these discussions began on 15 January for the other sectors, the theses were discussed with sugarcane workers much earlier, since December, according to the operations schedule. You know, there is a specific chapter on the need to increase efficiency in the sugar industry, and the issue has been discussed at length. It has been discussed with sugarcane cutters, combine operators, and all those who participate in this sector.

"The directorate members of the MINAZ [Ministry of the Sugar Industry] have joined the unions in these discussions, and measures have been adopted. In this case, it is not a matter of working your fingers to the bone but, rather, to do what must be done in each place, and the results are evident now.

"All the sugar mills have started their work, and the improvement in the shipments of raw materials to the mill and what is being done at the factories are evident throughout the country. This means the goal we set—that is, to achieve much more than what was achieved at each mill in the previous harvest—is being fulfilled. This will allow us to take a big step as far as this year's sugarcane harvest is concerned."

Another issue discussed by the workers at their assemblies deals with salaries, most of which are not enough, given the high prices of products marketed by the self-employed and those sold at farmers markets. Ross Leal admits salaries may be insufficient nowadays.

[Ross Leal] "They are insufficient given the purchasing power of the Cuban peso and because salaries in certain places are low. The theses state, however, that a salary reform is impossible now. Salaries cannot be raised, because we have 800,000 workers, either at home or at their work place, who are being subsidized, being paid the same salary that was paid when we were in full production. In other words, practically the same salary paid in 1989 has been paid all these years of the special period; this indicates that the country has been making these payments so the workers would not be left unprotected. The situation persists, and approximately 800,000 workers are being subsidized either at home or in their work places, because production does not compare with what is being paid in salaries.

"What is our proposal given these problems, meaning the low salaries in certain cases and the impossibility of raising the salary rates? Our proposal is to link salaries to the final results; that is, where there are raw materials, where there is enough to produce, the salary should be held contingent with the final results of the production or the services. We will have to analyze what solutions we can give to sectors where there was a decrease in the incentives given for the work carried out. We discussed this issue at the cable factory. The workers' income can be raised depending on final results, where production is revived and where there is efficiency."

Given the impossibility of raising salaries, the need to offer better attention to workers and to create the conditions so they can increase their productivity and efficiency will perhaps gain importance now. We are talking about appropriate clothes and footwear, means of protection, even transportation, food, etc.:

[Ross] "Much work has been put into the sugarcane harvest. We had lots of problems with footwear and [words indistinct] last year. This matter was resolved early this year, for all the workers, both in the sugar industry and the countryside. The places I have visited——Antillana, [word indistinct], the cable factory—are places where production has increased. This increase has a lot to do with the recovery of the production process, because the resources must come from somewhere to guarantee this increase."

Ross Leal has said the needs of workers in the nickel, steelworks, communications, and other sectors that have managed a recovery have been fulfilled, and the farming sector workers will see their material problems solved in the near future.

In conclusion, he has said provincial conferences have already started what will conclude at the 17th Congress of the Cuban working class. These have been created so each territory may have the possibility of thoroughly discussing topics that most concern and worry them, according to their interests, and so they may elect their leaders for the new work phase the most important labor event will open.

Cuban Electricity Workers Increase Efficiency

PA2501201496 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Electricity sector workers in Cienfuegos Province are taking firm steps to increase the efficiency of their field, an example of which is the more than 400 transformers that have been repaired, making it possible to provide service to every neighborhood and sector of the economy. Another important factor has been the efforts conducted by the high tension wire handlers and substation workers that have resulted in the decrease of outages by increasing the quality of the work completed. Likewise, 1,000 electric meters were repaired, and electrical service has been extended to more than 30 economic centers and neighborhoods thanks to recycled supplies.

In addition, the workers of Carlos Manuel de Cespedes Electrical Plant have become the leaders for electricity workers in the province; they are conducting a maintenance program in one of their units without a foreign adviser and have fabricated over 75 percent of the parts needed.

Mexican President Views Economic Prospects

MS2601103996 London THE GUARDIAN in English 26 Jan 96 p 12

[Report incorporating interview with Mexican President Ernesto Zedillo, by Phil Gunson; place and date not given]

[FBIS Transcribed Text] Mexico's president, Ernesto Zedillo, who arrives in Britain on Sunday on a state visit, undoubtedly had greatness thrust upon him.

An affable, unassuming economist with a Yale PhD, Mr Zedillo was managing the 1994 presidential campaign of Luis Donaldo Colosio, the candidate of the ruling Institutional Revolutionary Party (PRI), when an assassin's bullet changed the course of Mexican history.

When as the stand-in candidate he was inaugurated as president in December that year, he received a prescient message from the guerrilla leader Subcomandante Marcos: "Welcome to the nightmare." Less than three weeks — and a catastrophic devaluation — later, the Mexican economy lurched into a crisis from which it is only now beginning, slowly, to recover.

Apart from a few more grey hairs, the president, aged 44, shows little sign of the strain he must have felt as he watched the economy contract by 7 per cent during 1995, throwing 1.5 million Mexicans out of work. Nor, on the other hand, is there any indication that he particularly relishes the job.

"From the first day," he said in an interview with the Guardian before flying to Europe, "I was aware that one does not come to the presidency to enjoy oneself. It requires concentration, effort all day long, but it also demands calm and an avoidance of anxiety, because the year has 365 days and the presidential term is six years long."

The contrast with his predecessor Carlos Salinas, a man of boundless ambition whose rhetoric placed Mexico at the threshold of the First World, could scarcely be greater. Mr Salinas's Icarus-like flight ended with a dramatic plunge to earth, leaving Mr Zedillo to map out a less heady course.

"I feel my greatest responsibility is to deal with what I think my country can and should be in the long term," he said. "This is a problem of many years and many generations, but the important thing is that we have hope, based on our real strengths."

It is a low-key message which many ordinary Mexicans find hard to stomach. The prevailing image is of a weak man, buffeted by forces he is ill-equipped to deal with.

"I don't think it serves any legitimate governmental purpose to be proving our strength through spectacular acts," said the president.

Such drama as there had been — the jailing of Mr Salinas's brother Raul for the murder of the PRI's secretary-general; the army's pursuit of Zapatista guerrillas in the south; the recent expulsion to Texas of the drug cartel leader Juan Garcia Abrego was - - simply the product, he said, of a belief in the rule of law. In a country where the law has traditionally been available for hire, the concept is revolutionary. Could it be implemented without some bloody upheaval of the sort that marked the end of the Porfirio Diaz dictatorship in 1910?

Mr Zedillo saw no danger of violence in the Mexican transition; indeed, he rejected the very notion of a transition.

"The term transition," he said, "has been used for countries that lived for a long time under an authoritarian system and then saw a birth of democracy." "[Since 1917], Mexico has not lived under an authoritarian system of that kind."

Yet the PRI holds the world record for longevity in government, and for years thwarted opposition victories, even at the local level, by a combination of fraud, vote-buying and violence. The novelist Mario Vargas Llosa once described PRI rule as "the perfect dictatorship".

"The risk [of violence has been left behind, because the system had a capacity for dialogue; we are a people who engage in dialogue," the president responded. The proof was in Chiapas, where the Zapatistas (EZLN) were once again consulting their grassroots supporters about an offer from the government on indigenous rights.

The EZLN's call to arms in January 1994 was in part a response to Mexico's controversial decision to join the North American Free Trade Area (NAFTA).

About this, and about most other aspects of Carlos Salinas's free market economic model, his successor was unrepentant. "The NAFTA experience has been very positive for Mexico," he said. "Our exports have grown by 50 per cent and there has been significant job creation precisely at a time when we most needed it."

The president's European tour, which includes visits to Spain and Italy and ends with his attendance at the World Economic Forum in Davos, Switzerland, is aimed at cementing trade and investment relations with the EU.

In Britain, which is Mexico's second most important source of foreign investment (after the United States), Mr Zedillo will see business leaders and meet John Major.

The intention ultimately is for the EU and Mexico to sign a fresh trade co-operation agreement, which under European law must now include a "democracy clause". This would allow Europe to suspend trade privileges in the event of any setback to what Mr Zedillo calls Mexico's "democratic evolution".

"We would reject any attempt at interference in matters which solely concern Mexicans and their institutions," the president declared. "But I doubt very much that that is the intention of the EU."

If Mr Zedillo is right about his country's prospects for peaceful change, that is an assumption which may never have to be put to the test.

Mexico: Correction to Legislators on Garcia's Extradition

PA1801201396

The following correction pertains to the item headlined "Mexican Legislators Debate Drug Lord's Extradition to U.S.," published in the 19 January Latin America DAILY REPORT, pages 16-17:

Page 16, column two, fifth full paragraph, third sentence make read: ...to the country. [new paragraph]

While Deputy Romero insists that Garcia Abrego's expulsion was legal, she has called for background on the "motive" for deporting him. [new paragraph]

PAN Deputy Alejandro... (rewording);

Page 17, column two, first full paragraph, only sentence make read: ...against Garcia Abrego has the power to demand his appearance in court and to go ahead with the trial even if he does not appear in court. [new paragraph]

The Government Secretariat... (rewording); and

Same page, same column, second full paragraph, second sentence make read: ...action or its limitation. (deleting extraneous material at end of paragraph)

El Salvador

Salvadoran President on Cathedral Occupation, Election

PA1401025196 San Salvador Teleprensa Television in Spanish 1900 GMT 9 Jan 96

[FBIS Translated Excerpt] President Armando Calderon Sol has spoken at a news conference about the situation of Public Works Ministry employees who have occupied the Metropolitan Cathedral as well as about the Guatemalan elections. Following are excerpts from this news conference:

[Begin recording] [Reporter Guadalupe Trigeros] [Words indistinct]

[Calderon Sol] No.

[Trigeros] Why, Mr. President?

[Calderon Sol] Because the funds for the country's budget are already available and have been approved by the Legislative Assembly; moreover, the budget complies with the country's laws.

[Reporter Wilfredo Cordova] Mr. President, will you reach an agreement with the workers who are at the Metropolitan Cathedral or will the police be in charge of the situation?

[Calderon Sol] I thank you for your question. I believe those types of actions were left behind in this new stage of democracy in the country. These actions have negatively affected our country in the past and should be stopped.

I encourage the workers to leave the cathedral as soon as possible, because that is the house of God. I believe occupying the Metropolitan Cathedral is no way to express unconformity. I regret this situation and believe all Salvadorans and political sectors reject it as well. I believe this approach is incorrect.

The National Assembly and all other sectors have reviewed the workers' position. We can support them through cooperatives. The deputies have offered solutions and alternatives that the workers have rejected. I believe this way is the wrong way to act. We hope this situation is not turned into a political instrument. I would like for them to reconsider the matter and to leave the cathedral as soon as possible.

[Reporter] [Words indistinct]

[Calderon Sol] We will continue waiting for them to understand the situation and to leave the cathedral. We hope they meditate on the situation.

[Reporter Jose Luis Solofano] Good morning, Mr. President. I have two questions in one. First, I would like to know your opinion on the democratic process taking place in Guatemala after the elections held on 7 January. Second, have you confirmed your attendance at the swearing in ceremony of the Guatemalan president, and would you meet with Alvaro Arzu and other heads of state of the region if so? What issues will you be discussing at that informal or formal meeting taking place parallel to the swearing in ceremony?

[Calderon Sol] First, we have to acknowledge advancement in Guatemala's democratic process. I believe Guatemalans and their politicians have demonstrated maturity during the elections. You can see that despite the low voter turnout during the second round, the politicians' maturity has been praised everywhere due to the fact that the contender acknowledged the debate and low percentage. [sentence as heard] There are no talks about fraud or low voter participation. The contender has accepted the results, demonstrating the maturity of the democratic process in Guatemala. Moreover, this issue has been discussed not only in our political circles but in various countries where Guatemalans and Guatemalan politicians have been praised for their political maturity.

We hope to meet with Guatemalan President-elect Alvaro Arzu during the swearing in ceremony. We would like to discuss issues regarding Central America and topics agreed on at Central American summits.

We hope to hear about Arzu's policies and ideas he has expressed on previous occasions about Central America and the region. We will see a true unionist in him, and we hope to see no change in Guatemalan policy toward Central America. [end recording] [passage omitted]

Salvadoran Workers Vacate Metropolitan Cathedral

PA1401042096 Mexico City NOTIMEX in Spanish 0211 GMT 14 Jan 96

[FBIS Translated Excerpt] San Salvador, 13 Jan (NOTIMEX) — The vacating of San Salvador's metropolitan cathedral over the past few hours has brought relief to the tense situation this week between the government and public workers who reject budget cutbacks. [passage omitted]

According to statements by Salvador Acuna, leader of the public workers, the cathedral was vacated as a gesture of goodwill so as to pave the way toward negotiations with the government of President Armando Calderon Sol.

The public workers vacated the cathedral yesterday after the president decided to immediately negotiate if the workers left; therefore, a meeting is expected between the two parties on 16 January.

The Office of the Human Rights Ombudsman expressed confidence over the government's decision to begin negotiations. Accordingly, 1,000 jobs will be reconsidered, and each case of the remaining 500 posts demanded by the workers will be individually studied.

Despite the relief caused by their departure from the cathedral, workers' protests are expected to continue in other government groups, because reports have been lodged over the irregularities with the government dismissals.

Guatemala

Guatemala's 'Group of Friends' Issues Communique

PA1701231896 Guatemala City Cadena de Emisoras Unidas in Spanish 0112 GMT 15 Jan 96

[Report by Ruddy Gonzalez]

[FBIS Translated Text] The meeting between representatives from the group of friendly nations which endorses the peace process and President Alvaro Arzu Irigoyen has just ended. Venezuelan Foreign Minister Miguel Angel Burelli discusses the contents of a communique that will be published.

[Begin Burelli recording] We, the representatives of the so-called Group of Friends of Guatemala, are here to help with what Guatemala requests, with our good mediation, so this noble country may recover the peace it has lost. On the occasion of the president's inauguration today, we have decided to issue a communique that states these countries' determination to maintain a strong [12-second break in reception] within our means. The communique reads as follows:

The representatives of the Governments of Colombia, Spain, the United States of America, Mexico, Norway, and Venezuela, on the occasion of ceremonies for Guatemalan President Alvaro Arzu's inauguration, state their satisfaction with the civic spirit shown by the Guatemalan people in the recently held elections — in which a new president was freely and democratically elected.

They trust that this example will help strengthen the state of law and democracy in this Central American country.

The governments of the Group of Friends countries recognize the determination that encourages the new Guatemalan Government and the Guatemalan National Revolutionary Unity in favor of a solution to the armed conflict, proved by the signing of six important accords, and state their confidence that the two parties will adopt the necessary measures to continue the peace negotiations without interruption and to reach, as soon as possible, an agreement on socioeconomic issues and [words indistinct] situation, issues on which important progress has been achieved.

Likewise, the Group of Friends reasserts its recognition of the active mediation and moderatorship carried out by the UN secretary general through his special representative and his moderator, who have helped — with the Group of Friends' support — reach basic agreements within the framework of the process to achieve the Guatemalan nation's peace.

The Group of Friends reassert their governments' determination to continue their support of the Guatemalan peace process and democracy; they urge the parties to fully comply with the pledges assumed in the agreements that have been signed and to reassert their political determination to continue the negotiations to establish a firm and durable peace and to determinedly help strengthen Guatemala's democracy, development, and security.

Guatemala, 14 January, 1996.

This text will be slightly modified because President Arzu's inauguration speech raises our hopes that the role played by the Group of Friends will be successful. [end recording]

Guatemala: Economic Growth Termed Insufficient

96P20238A

[FBIS Report] The Guatemalan daily SIGLO VEINTIUNO reports that while the Bank of Guatemala (BANGUAT) rated 1995 a good year for economic activity, basic steps were not taken to stimulate economic growth and improve the population's standard of living. Preliminary figures cited in the report showed an economic increase of 4.9 percent, one percent more than the 3.9 percent averaged over the past five years. The inflation rate was less than nine percent.

Chamber of Commerce President Jorge Briz told SIGLO VEINTIUNO that 1995 was characterized by stability; however, the basic structural problems remained unsolved. Briz cited three main reasons for the country's inability to stimulate socio-economic growth: high interest rates, ineffective foreign trade planning, and attacks on economic reform efforts.

Also, union director Jose Pinzon told SIGLO VEINTIUNO that there had been economic growth, "but the benefits had not reached the majority of the population, who saw their standard of living decrease throughout the year." Other experts agree that the economic crisis had been addressed only by applying short-term measures and delaying more definitive solutions another year. (1)

In an earlier report, SIGLO VEINTIUNO attributes the positive economic results to a dynamic productive sector, an increase in investments, foreign demand, and a nine percent inflation rate. Still, the report indicates that the productive sector does not feel the necessary structural changes were sufficient to defuse the "monetary bomb" that is threatening to explode; the improvements were inadequate to support the monetary policy.

Although the government carried out its 1995 depreciation program by 452.8 billion quetzales, Central Bank deposits were kept, throughout the year, below the 31 December 1994 level, which influenced the devaluation effect on net credit. As a result, BANGUAT was forced to make greater "sterilization" efforts through open market operations.

SIGLO VEINTIUNO points out that average interest rates remained at almost the same 1994 levels. The same report notes that by 21 December, active interest rates had increased approximately 2.3 percentage points and bank savings interest rates had risen from 7.6 percent to 8.1 percent. The margin of intervention increased from 11.4 percent to 13.5 percent. (2)

A BANGUAT report cited in the daily PRENSA LIBRE showed imports at $2.7 billion and exports totaling $2.2 billion, a deficit of $523 billion. By the middle of December, active interest rates were reported at 21.36 percent, passive interest rates at 15.34 percent, and this year's fiscal deficit registered 0.8 percent of the gross domestic product, which was less than the 1994 figure of 1.5 percent. (3)

Media Sources 1 Guatemala City SIGLO VEINTIUNO in Spanish 31 Dec 95 p 8

2 Guatemala City SIGLO VEINTIUNO in Spanish 30 Dec 95 p 4
3 Guatemala City PRENSA LIBRE in Spanish 27 Dec 95 p 85

Nicaragua

Nicaragua's Liberal Party Candidate Unharmed in Attack

PA2501192896 Panama City ACAN in Spanish 1842 GMT 25 Jan 96

[FBIS Translated Text] Managua, 25 Jan (ACAN-EFE) — Arnoldo Aleman, presidential candidate of the Liberal Alliance of Nicaragua [Alianza Liberal de Nicaragua], was unharmed in an ambush carried out by a group of unidentified individuals against a caravan of vehicles that was on its way to northern Nicaragua.

The attack by the armed group, whose affiliation is unknown, occurred at 1045 (1645 GMT) in El Jovo, near Wiwili, Jinotega Department in northern Nicaragua.

According to police sources, one of Aleman's bodyguards was killed in the attack on the caravan. In addition, another two people were wounded.

Nicaragua's FSLN Members Announce Candidacy

PA0801195696 Managua BARRICADA in Spanish 6 Jan 96 pp 1, 11

[Report by Pablo Emilio Barreto]

[FBIS Translated Excerpt]] Vilma Nunez de Escorcia, a well-known human rights defender in Central America and Nicaragua, accepted the challenge of becoming the first female presidential candidate for the Sandinist National Liberation Front [FSLN], she acknowledged yesterday in an interview with BARRICADA.

Nunez de Escorcia said the proposal was made more or less two years ago. "It is recently, during a vacation period, that I have analyzed it carefully and prudently to see what my candidacy means," the human rights defender revealed. [passage omitted]

Alvaro Ramirez Gonzalez, a well-known Managua lawyer, will be officially proclaimed as a Sandinist presidential candidate in a political function that will take place next Friday at El Eskimo restaurant in the presence of local and foreign reporters.

Ramirez Gonzalez, a former colonel and inspector of the Sandinist People's Army [EPS], told BARRICADA yesterday that several former EPS soldiers, Mothers of Heroes and Martyrs, representatives of the former Nicaraguan Resistence, and different sectors within the FSLN, have been promoting his candidacy for several months.

He said that he finally agreed to be a candidate after much thought and consideration, adjusting the electoral platform to the FSLN that has been basically finished by over 100 Sandinist experts and professionals, including himself. [passage omitted]

Humberto Ortega Promotes Nicaraguan Unity Government

PA1401154096 Managua Radio Sandino in Spanish 1200 GMT 11 Jan 96

[From the "What's Happening?" newscast]

[FBIS Translated Text] Retired General Humberto Ortega Saavedra is promoting a national unity government.

He told reporters in the National Assembly that he does not have presidential aspirations. Nevertheless, he believes that the next government should be of national unity. Listen to General Humberto Ortega Saavedra:

[Begin recording] [Ortega] It has been demonstrated that if the forces do not come together [words indistinct] has been the most controversial and contradictory, it is difficult for a country to come out ahead.

[Unidentified reporter] Are you referring to a government of national unity here in Nicaragua?

[Ortega] Of course. I believe that it holds true for all of them. What I am doing is approaching the various political leaders — Sandinists, Liberals, Conservatives — I treat them all with the same respect. I deliver all of them the same message: Nicaragua requires, whoever wins, a true government of national unity. Not only in its program, but in its make-up, participation, and in its execution. If someone wants to form a government mainly along party lines, it will not serve to address the country's problems. [end recording]

Nicaragua's UDC Wins Assembly Presidency

PA1501011896 Managua LA PRENSA in Spanish 10 Jan 96 pp 1, 14

[Report by Cesar Ubeda Bravo]

[FBIS Translated Text] The Christian Democratic Union (UDC) yesterday won the presidency of the National Assembly for the third year in a row thanks to the support of the FSLN [Sandinist National Liberation Front], Sandinist Unity Faction (BUS), the pro-government National Project (Pronal), and parties of the extinct UNO [National Opposition Union].

Christian Democrat Cairo Manuel Lopez, who has a doctorate in constitutional law, was elected with 52 votes in an election tinged with a great deal of scheming.

"My election is acceptance that the UDC government has given stability to the National Assembly and the country," the new parliament president told local media.

Speaking to a number of various media, Lopez affirmed that his election had cleared the table and that with it the UDC was preparing to study other interesting offers. Lopez seemed to be talking about political alliances with designs that now include seeking the Presidency of the Republic.

The new Board of Directors of the National Assembly is now structured as follows: Cairo Manuel Lopez, UDC (president) with 52 votes; Adolfo Jarquin Ortel, PSD [Social Democratic Party] (first vice president) with 52 votes; Edmundo Castillo, independent deputy (second vice president) with 59 votes; and Doris Tijerino, Sandinist Unity [Unidad Sandinista] (third vice president) with 52 votes.

Jaime Bonilla, Liberal Constitutionalist Party (first secretary) with 58 votes; Julio Marenco, Sandinist reflection group [bancada Sandinista de reflexion] (second secretary) with 54 votes; and Alvin Guthrie of Pronal who was elected third secretary with 60 votes.

The new head of parliament said the support he received from the FSLN and Pronal did not mean he had acquired commitments that transcended strictly parliamentary tasks.

"I did not make commitments regarding the electoral process, only in tasks in the National Assembly," Lopez added.

Lopez said the National Assembly under his administration will have the task of strengthening law and order and drafting laws on litigations and the administration. "We will revise codes that are more than 100 years old," Lopez said.

Asked whether the parliamentary alliance between the UDC and the MRS [Sandinist Renewal Movement] had ended, Lopez said they will continue working together in drafting laws that will benefit the country.

"We are seeking alliances with truly democratic parties. The fact that the MRS did not support us does not mean we cannot promote a series of laws that will benefit the country," he said.

According to Lopez, the lack of support from the MRS for his candidacy was a matter of identity, because it had to clearly establish its independence from the FSLN's orthodox leadership.

Lopez defeated Eduardo Paladino of the Conservative Popular Alliance (APC) and independent Deputy Hernaldo Zuniga.

The first voting, which took place at 1230 yesterday, had to be suspended, because six deputies had voted for two candidates.

Paladino received 41 votes, Zuniga 21, and Lopez 32 in the first voting.

The second voting was held at 1650, after lengthy negotiations between the various parliamentarian blocs.

To announce the withdrawal of his candidacy, Hernaldo Zuniga was the first candidate to speak after the session to elect the new board of directors was resumed; this was followed by a five-minute recess during which Zuniga obtained 21 votes from the extinct UNO supporting his candidacy.

Alejandro Alonso Jiron, Nicolas Bolanos, Hernaldo Gonzalez, and Magdalena Ubeda decided to support Eduardo Paladino, who finally obtained 30 votes.

In other words, the decisive votes came from the 17 deputies of the extinct UNO who decided to support Christian Democrat Lopez, who ultimately won the presidency with 52 votes.

The votes from Alfredo Cesar, Luis Sanchez, Jaime Bonilla, Edmundo Castillo, Alvin Guthrie, Ivan Salvador Madriz, Roberto Urroz, Hernaldo Zuniga, Fernando Zelaya Rojas, and Duilio Baltodano, among others, determined Lopez' election.

The other candidates who were not elected were William Ramirez of the MRS (first vice president); Victor Manuel Talavera of the PLC (third vice president); Anibal Martinez of the PLI [Independent Liberal Party] (first secretary); and Nicolas Bolanos (second secretary).

Nicaraguan Military Reports on Command Changes

PA2601001396 Managua BARRICADA in Spanish 19 Jan 96 p 11

[Report by Freddy Garcia Eschke]

[FBIS Translated Text] The Public Relations Directorate of the Nicaraguan Army has issued a press bulletin reporting that this institution has made a series of General Staff and regional command changes.

Colonel Cesar Delgadillo Cardenal, who has served as commander of the Benjamin Zeledon troops, has been appointed chief of the Operations and Plans Directorate of the General Staff. He has been replaced in his post by Colonel Oscar Balladares.

Colonel Miguel Guzman Bolanos has been appointed chief of the Finance Directorate of the General Staff, replacing Lieutenant Colonel Mario Cardenal, who will now direct the Military Social Security Institute [Instituto de Prevision Social Militar].

Guzman Bolanos was replaced as second commander of the Logistics Command by Lieutenant Colonel Rodrigo Gonzalez Garcia, who, until a short time ago, headed the 6th Military Command in Matagalpa.

Colonel Glauco Robelo Cheoaning was appointed chief of the General Command Regiment, and Lieutenant Colonel Maximo Zeledon Zeledon, who was chief of the North Military Detachment in the North Atlantic Autonomous Region, is now chief of the 2d Command.

Major Victor Boitano Coleman assumed the command of the North Military Detachment. He had served there as staff chief. Lieutenant Colonel Cesar Largaespada Palaviccini, who was Navy Chief of Staff, became chief of the South Military Detachment, replacing Major Denis Membreno Rivas.

Panama

Panama's President Reacts to U.S. Drug Czar Appointment

PA2501194096 Panama City LA PRENSA in Spanish 25 Jan 96 p A2

[Report by Rolando Rodriguez B.]

[FBIS Translated Text] President Ernesto Perez Balladares yesterday received with "apprehension" the news of General Barry McCaffrey's appointment as the new U.S. counterdrugs czar, because, Perez said, "we had a very worthwhile interlocutor with the U.S. Government in him."

Perez expects McCaffrey's replacement "to be as worthy as him and to stand up to the general's stature."

Early this week, McCaffrey, 54, was appointed new director of the Office of National Drug Control Policy, is regarded by President Bill Clinton as a Persian Gulf War hero, and has been awarded three Purple Hearts and two Silver Medals for outstanding performance in combat.

In addition, U.S. Ambassador to Panama William Hughes said in Bocas del Toro Province yesterday that the United States has a new leader in the fight against drugs and drug trafficking in the country. As Perez Balladares, Hughes said he is sad over McCaffrey's departure from Panama. Ambassador Hughes said that McCaffrey has been an important member of the Southern Command in Panama but that the person who will replace him will certainly be a friend of Panama.

Panamanian Article Views French Military Overflights

PA0801134796 Panama City LA PRENSA in Spanish 7 Jan 96 p 35A

[Report by LA PRENSA correspondent Betty Brannan Jaen: "At Last, Some Answers About Mururoa"]

[FBIS Translated Text] Washington,D.C. — Nearly a month after the Foreign Ministry and French Embassies in Panama and in Washington refused to answer questions with respect to French military aircraft overflying Panama while traveling from France to Mururoa, Eustacio Fabrega, director of the Civil Aeronautics Directorate, finally contacted me this past Friday and explained several of the misgivings I alluded to in my recent columns on the issue.

Fabrega confirmed that French military aircraft routinely overfly Panama, after requesting approval in writing from the Panamanian Government. In a letter to LA PRENSA, the Civil Aeronautics directorate director stated, "Military aircraft on official missions require landing or overflight approval which is requested through the Foreign Ministry, and in our region these are routine operations." He later added during a telephone interview that these French flights over Panama from France to Mururoa have been taking place for the past 15 years.

In these approval requests made to the Foreign Ministry, the French Embassy in Panama describes these flights as "connecting missions" [misiones de enlace], which in no way suggests the likelihood that they may be carrying radioactive shipments and that they apparently do not carry war material of any kind, Fabrega disclosed.

While the French Embassy sends these requests to the Panamanian Foreign Ministry, at the same time the French Embassy in Washington sends a similar request to the U.S. Department of State in Washington, which is considered a military courtesy due to the presence of U.S. bases in our territory, Fabrega explained. It is for this reason, the civil aeronautics director highlighted, it would be inaccurate to conclude that the document in which the U.S. Department of State authorizes French flights over Panama (see my columns dated 17 and 24 December) is a violation of our sovereignty.

What takes place, the civil aeronautics director explains, is that the French, by simultaneously requesting authorization from the United States, are taking precautions, just in case there should be an emergency landing, since they would rather land at a military airport (such as Howard, for example) than at a civilian airport such as Tocumen. In addition, for military security reasons, it would seem that military airports normally provide service and fuel free of charge to aircraft from friendly countries, a courtesy which Tocumen and other civilian airports do not provide.

With respect to the French military flights between France and Mururoa (at the beginning of August), described in a document obtained by LA PRENSA, the French Government requested approval from the Panamanian Government, an approval that was granted, Frabrega explained. In his letter to LA PRENSA, he clarified that "the approval requested from the Foreign Ministry was for an overflight on a connecting mission, and since it was a military flight they declared that they carried no war material of any kind ... and the authorization for this flight was in accordance with international aviation agreements."

At my request, Fabrega forwarded by fax a copy of the request made by the French Government. The document, dated 21 July 1995, says: "The French Embassy courteously salutes the honorable minister of foreign relations and has the honor of requesting authorization for an overflight of the Republic of Panama, in addition to a possible landing, for a DC8-COTAM aircraft, on a connecting mission, on 2 and 5 August 1995. This aircraft is under the command of Lieutenant Colagrande."

The dates and description of the flight agree with the request made by the French Government to the U.S. Department of State located in Washington 2E. Even though the request mentions a "possible landing" in Panama, that flight in fact never landed in Panama or at Howard. Since the U.S. document I have specifies that the flight was scheduled to arrive to Panama at 0520Z and depart at 0730Z (the Z meaning GMT time), I implied in my columns that the flight must have landed in Panama, since it does not take two hours to cross our country by air. However, that deduction was inaccurate, Fabrega pointed out, because the times refer to the moment when the aircraft enters and leaves airspace under Panamanian control. Even though our isthmus is small — crossing it by airplane takes only eight minutes — airspace under Panamanian air control is quite enormous and extends all the way from Jamaica in the east, up to a faraway point in the Pacific ocean, Fabrega clarified and sent me a map by fax to support his explanations. The civil aeronautics director explained that covering our wide "airspace" [previous word in English] does take a couple of hours. He insisted that his office has investigated the issue and confirmed that the flight alluded to never landed at a Panamanian landing strip; U.S. Southern Command official also insist that the flight never landed at Howard or any U.S. base in Panama.

In conclusion, Fabrega explained that reports related to French military aircraft landing in Panama had been inaccurate, that approval to overfly the country has been requested, granted, and taken place in accordance with air transit control guidelines, and that Panama's airspace sovereignty had not been violated.

I appreciate the fact that Mr. Fabrega had the commendable initiative to provide so much information on the issue of French military flights, especially considering that the Foreign Ministry as well as the French Embassy have both refused to make any comment. In addition, Fabrega's explanations have cleared up many of my misgivings on the issue. I acknowledged that if the overflight requests are made simultaneously to the Panamanian and U.S. Government, the approval granted by the United States in no way violates our sovereignty.

Nevertheless, it would be advisable — to prevent any further misunderstandings — for the French Government to refer specifically to the U.S. bases in the notes to the U.S. Department of State requesting approval to overfly or land. I also acknowledge that the documents related to French flights in August in no way allude to radioactive shipments, even though Fabrega himself suggested that it would be advisable to urge the French Government to include an explicit statement in its requests stipulating that the flight is not carrying any such shipment.

However, there are still three apprehensions to clarify. First, even though French military flights that pass over Panama on their way from France to Mururoa may not be carrying any radioactive shipments, it is obvious that these flights are a part of the support to France's nuclear tests in the Pacific. Therefore, allowing France to use Panamanian airspace for such flights is akin to tacitly cooperating with the nuclear tests that the Perez Balladares government supposedly condemned, according to its vote at the United Nations. Do we not have an inconsistency in our foreign policy? Second, international nuclear experts point out that one should not rely too much on what the French state officially as the objective of these flights. It is one thing for the French Embassies to say that they are simply "connection flights" or "training flights," but it would be naive to blindly accept that they are telling us the entire truth. On the other hand, we should not rule out the likelihood that France may be shipping its bombs by sea, which could mean that radioactive shipments may be passing through the Panama Canal.

Third and last, it is impossible to trust French statements that nuclear material is not passing through Panama — either by air or sea — until the French Government explains how and by which route it is shipping its atomic bombs to Mururoa. The nations exposed to the hazard of an accident from these shipments have the absolute right to know the facts.

EU Approves $12 Million Cooperation Program for Panama

PA1201230396 Panama City LA PRENSA in Spanish 11 Jan 96 p 2

[Report by Vilma E. Figueroa B.]

[FBIS Translated Text] The Foreign Relations Ministry has reported that the EU has approved a cooperation program favoring the Republic of Panama entitled "Promotion of Equal Opportunities in Panama," worth $12 million, which is nonrefundable.

An official note stated that the approval of this program took place within the framework of the agreements reached at the meeting the EU and the countries of the Central American isthmus held in this capital in February 1995.

The International Economic Relations General Directorate of the Foreign Ministry explained that this program is but one of the results this meeting yielded to Panama.

According to the note, this program is the largest program that Panama has created, bilaterally speaking, using funds the EU has granted.

The official notification on the approval of the program was sent to Foreign Minister Gabriel Lewis Galindo by Panamanian Ambassador to the EU Vilma Ramirez, who coordinated the steps for the approval of the aforementioned project.

Meanwhile, talks with Japan are currently being expedited to get economic aid for the health, education, housing, and public works sectors amounting to approximately $200 million.

Panamanian Decree on Export Zone Procedure Approved

PA1501192096 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Jan 96

[Report by Jacqueline Clarke]

[FBIS Translated Text] The Cabinet Council yesterday approved a decree that creates a single window to speed up the procedure in the establishment of export processing zones. In addition, this decree permits the right to strike and to belong to unions.

The single window will serve firms interested in operating in these zones. It will speed up the process for the approval of "all the necessary documents."

President Ernesto Perez Balladares disclosed that the right to belong to unions and to strike was approved under "certain special conditions." However, he did not explain such conditions "to prevent the onset of a future source of employment from being hindered by those who always want to upset the possibilities others have."

The president said that the government made the firm commitment to attract foreign investors who will establish their firms in the processing zones, particularly at Fort Davis in Colon Province, to create approximately 20,000 "well-paid" jobs in the next three years.

He noted that these jobs will not fall under the category of the usual assembly plant that uses cheap labor. Instead, they will be jobs for personnel trained in mid-level technological tasks thus guaranteeing "a good salary level."

In addition, he said, "after seeing some union leaders' protests, it is important to note that unemployed workers who have no union to speak for them today, will have jobs in the future."

The president said that he does not intend "to deteriorate" the workers' conditions, but to improve them. He added that "it is also evident that no one is going to point a gun at a worker's head to force him to accept a job."

Panamanian Building Houses Canal Transfer Office

PA2001182796 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Jan 96

[Report by Hugo Enrique Famania from the "RPC Television News" newscast]

[FBIS Translated Text] We are reporting a historic event in the Canal's transfer process. For the first time ever, there will be an office, under Panamanian jurisdiction, in the Canal Administration Building. The office will house the Executive Directorate for the Transfer of the Canal [Direccion Ejecutiva para la Transicion del Canal].

[Begin Jorge Eduardo Ritter, executive director of the Transition Commission for the Transfer of the Panama Canal, recording] This is, perhaps, our most important achievement, especially because of what it symbolizes. It means the Panamanian administration has taken the first step — you could say it is symbolic — and is now in the Administration Building. [end recording]

Panamanian Foreign Minister Gabriel Lewis Galindo swore in Jorge Eduardo Ritter as director of this office at a ceremony held in the foreign minister's private office. The foreign minister said the importance of opening this office lies in the backing that will be given by administrative personnel to achieve an effective transfer of the Canal.

[Begin Lewis Galindo recording] With us inside, we will be able to coordinate the transfer much better. There is goodwill. [end recording]

The Transition Commission has been working for approximately a year. It is currently working to prepare the final draft of the Canal's bylaws. This document will probably be presented to the Legislative Assembly this year.

Panama's ARI Authorizes Firm To Invest in LPG Project

PA0901044196 Panama City LA PRENSA in Spanish 8 Jan 96 p 2

[Report by Vilma E. Figueroa B.]

[FBIS Translated Text] The Interoceanic Region Authority (ARI) has granted Panamanian company Petroport, Inc. a concession to invest more than $4 million in a project to store and distribute liquid propane gas (LPG or cooking gas) in Panama Canal operation areas.

The project will generate state revenues of more than $5 million during the 20-year concession period. These revenues will be used in several government plans, especially social plans.

This maritime project, according to what an ARI official document stated, will be located in Telfers island, Cristobal corregimiento in Colon district, Colon Province. It will be executed with the coordination and approval of the Panama Canal Commission [PCC] and the authorization of the Cabinet Council.

The document also stated that this is the first investment made in areas devoted to Panama Canal operations. The project will take place under the control of the PCC itself, because this is what the Panama Canal Treaties the United States and Panama signed in 1977 stipulate. These treaties allow the development of certain activities in these areas as long as they are compatible with operation and maintenance of the Panama Canal.

This project by Petroport, Inc. takes place within the development plans the ARI is drafting for the reverted areas. The initiative consists of installing 12 120-gallon storage tanks for LPG, pipes, control valves, hoses, and security equipment to unload LPG from the vessels docked in Pier 16 and to load them into gas trucks to ship them to points of consumption.

According to the ARI official document, this project involves economic benefits for the city of Colon, and its development is a fact that marks the beginning of development for reverted areas.

Panama's Attorney General: Amnesty Law 'Not Justified'

PA0501234296 Panama City Circuito RPC Television in Spanish 2300 GMT 2 Jan 96

[From the "RPC Television News"]

[FBIS Translated Text] Attorney General Jose Antonio Sossa has stated that the amnesty law is not justified.

[Begin Sossa recording] I am unaware that there are any political prisoners. The executive branch has issued several pardons. I feel it would be more responsible to announce the given names and surnames of those who will be pardoned and the reason for this measure; that is, who and why. A generic draft bill such as the one being discussed will surely entail difficulties in its implementation. [end recording]

Lawyer Simon Tejeira agrees with the attorney general and feels it is unadvisable to approve such a law at this time.

[Begin Tejeira recording] Laws cannot be issued for the benefit of certain persons. Laws should be general and should contain principles that are generally accepted. I feel that in this case, we are going a little too far in Panama and the amnesty law seeks to benefit certain persons. [end recording]

Meanwhile, legislator Victor Mendez Fabrega of the Papa Egoro Movement [MPE] who supports the draft law, confirms the law has specific purposes.

[Begin Mendez Fabrega recording] The MPE contributed in two aspects. It specified that the law should cover persons as dignified as Mayin Correa and Tomas Cabal — who were not included — and it should exclude the cases of homicide and call for a return of the money that was stolen. [end recording]

The amnesty law approved in two sessions late in December will undergo a third debate next March, when the legislative assembly resumes its regular sessions.

Meanwhile, the Projustice Movement announced that the amnesty bill will benefit murderers who support the government. The possibility that the legislative assembly will approve in third debate the amnesty law worries those who in one way or another have suffered the consequences of violence.

[Unidentified Pro-Justice Movement representative] This law seeks to free not only those persons who have homicide cases pending — for example the cases of Braithwaith and Dragseth who were murdered a few days after the invasion began ... [pauses] these are the cases that will be included, as cases committed during alleged acts of war. Everyone here knows that the only war waged by the PRD [Democratic Revolutionary Party] here is the war against the Panamanian people. Thus, we do not understand what are the war actions that the PRD and the MPE are talking about when they say that the law will pardon the cases of homicide committed in reply to war actions or the U.S. invasion of Panama. It is obvious that a relative of a well-known PRD member is also involved in a homicide case and this amnesty law seeks to help him. [end recording]

The Projustice Movement is calling on civic groups and the democratic political groups to support their actions to reject the approval of the amnesty law.

Panamanian Decree Limits Workers' Rights

PA1501143496 Panama City LA PRENSA in Spanish 13 Jan 96 p 1A

[Report by Rolando Rodriguez]

[FBIS Translated Text] The first decree-law of the executive branch has limited the rights of the workers that will sign group contracts and agreements with the companies to be established in the Export Processing Zones (ZPE), including the right to strike and the indefinite work contract.

The companies that are set up in the processing zones will not be obligated to sign group contracts and agreements within the first five years of operation. This period can be extended by the will of the executive, as long as it does not go beyond the year 2005.

The decree stipulates that the differences between workers and companies will be settled by a special department that will be created by the Labor Ministry. This special office will also be responsible for improving conditions for the manual labor hired in the ZPE's, both in the areas of operation and safety.

This special department will include a Tripartite Agreement Commission, which will be made up of a representative of the companies, the workers, and the government. The government representative will be designated by the Labor Ministry.

The Tripartite Agreement Commission will be responsible exclusively for reconciling the interests of the two parts with a view to preventing the suspension of activities in the affected companies.

The right to strike is partial, since the decree-law establishes that "during a suspension of activities, a minimum of 50 percent of the work force shall be maintained, or more, if the Labor Ministry deems it necessary. Thus, the affected company or companies will be able to meet previously contracted export commitments."

In addition, essential activities shall not be suspended within the ZPE's, including the supply of food products, transportation, mail and telegraph services, water, electricity, telecommunications, and fire department, among others.

The Labor Ministry shall be able to determine other activities that will be subject to these regulations, indicates the decree-law, and warns that the suspension of activities without compliance with these stipulations "shall empower the employer to finish the work contract of those who instigated the action."

The fluctuations in the international market that produce a decline or loss in exports shall also empower the employer to finish the work contract, the document indicates.

In the case of definite work contracts, the stipulations made in Article No. 77 of the Labor Code shall not apply during the first three years of the work contract with the respective worker.

The said article basically establishes that the work contract will be considered indefinite if the worker continues to work for the company after the term of a definite contract is over.

The decree-law took effect since yesterday, Friday, after being published in the OFFICIAL GAZETTE.

Panamanian Party 'Civic National Alliance' Registered

PA2001193896 Panama City Circuito RPC Television in Spanish 2300 GMT 17 Jan 96

[Report by Alexander Calderon; from the "RPC Television News" newscast]

[FBIS Translated Text] Social Christian political leaders have registered a new political party, which is being set up at the Electoral Tribunal. The party is called Civic National Alliance [Alianza Civica National], and its temporary president is former Christian Democrat Legislator Carlos Arellano Lennox.

[Begin Arellano recording] For the time being, we are just initiating our work. We have a very clear position, and that is to back the people's interests. Thus, we are not going to back or reject any political party. We are going to have our own identity. [end recording]

The new political party expects to have decentralized regional organizations, and there will be no impeachments due to political beliefs. At the same time, it proposes to citizens the elimination of the traditional political parties in the next century.

Argentina

U.S. Sees Argentina as One of 'Best Allies,' 'Partners'

PY2501201396 Buenos Aires TELAM in Spanish 1850 GMT 25 Jan 96

[Report by unidentified correspondent]

[FBIS Translated Text] United Nations, 25 Jan (TELAM) — After a meeting with U.S. Secretary of State Warren Christopher, Foreign Minister Guido Di Tella stressed that the United States "does not envisage" imposing any sanctions on Argentina over the legislation on patents.

Di Tella also confirmed that Christopher will visit Argentina this year because he considers us "one of the best allies and partners the United States has in the region."

Uncompleted Argentine Submarines Sold as Spare Parts

PY2501193396 Buenos Aires CLARIN in Spanish 22 Jan 96 p 8

[Article by Daniel Santoro]

[FBIS Translated Excerpt] The government has finally decided to sell the four "lots" of submarines "as spare parts and scrap iron" to a Dutch naval enterprise. The submarines were to have been built during the final government of former President Juan Domingo Peron at the insistence of former Admiral Emilio Massera within the framework of a project to modernize the Navy. They are four TR 1200 submarines that were begun in 1982 at the Domeq Garcia shipyard on the Southern Docks in the port of Buenos Aires. They will be written off in a 20-year concession through an international tender.

Although negotiations with Begeman Enterprise "are still open," official sources believe the operation will realize more than "$15 million," although Defense Ministry sources did not want to estimate the final sale price. In 1994 it was estimated that each submarine — one of which is 50 percent complete, another is 30 percent complete, while the other two were never unpacked — would end up costing $150 million.

These four "lots" are part of a multi-million agreement that was signed in 1979 with the German enterprise Thyseen Nordeseewerke during the last dictatorship, which sought to turn Argentina into a military power. Thyseen dispatched two submarines under their own power and another four were sent in "lots" to be assembled in Argentina.

The decision to get rid of those four "lots" as "spare parts and scrap iron" was made by the government after attempts to put them together for the Navy or sell them completed to Taiwan, with which Argentina does not have diplomatic ties, came to nothing. This operation, which is encouraged by a sector of Menemism that opened a foundation in Taipei, did not happen due to the opposition of the RPC, which has diplomatic relations with Argentina.

The alternative of completing them, which was considered in 1994, did not come about due to budget restrictions. The idea of moving the hulls, which weigh some 150 tons, that are partially built was rejected due to the high cost of transporting them to Puerto Belgrano. [passage omitted]

Argentine Judge Issues Custody for Alleged Killer

PY2501193296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1548 GMT 25 Jan 96

[FBIS Translated Text] Buenos Aires, 25 Jan (NA) — Federal Judge Maria Romilda Servini de Cubria has issued a preventive custody warrant against former Chilean [intelligence] agent Enrique Lautaro Arancibia Clavel, who is allegedly involved in the assassination of former General Carlos Prats and Mrs. Prats.

Based on half proof, Judge Servini de Cubria holds Arancibia criminally liable for unlawful association and for participating in a double felonious homicide.

Judge Servini de Cubria also embargoed Arancibia's assets for 1 million pesos.

Argentina's Frepaso Selects Candidate for Mayor

PY2401163196 Buenos Aires TELAM in Spanish 2052 GMT 23 Jan 96

[FBIS Translated Text] Buenos Aires, 23 Jan (TELAM) — The parties that make up the Buenos Aires sector of the Frepaso [Front for a Country in Solidarity] today confirmed that Socialist Norberto La Porta will be their candidate for the mayor of Buenos Aires. They also pointed out that they agree with Senator Jose Bordon on putting an end to the conflict which arose within the alliance over the resignation of Gustavo Beliz from the Justicialist Party.

"I believe that Senator Bordon will not continue to encourage this conflict which is harming us and which only favors President Carlos Menem's candidate, whom we have beat three times in the federal capital," Carlos Alvarez said when he issued the alliance's document today.

Argentina: UCR Outlines Economic Policy Proposal

96P20237A Buenos Aires LA NACION in Spanish
3 Jan 96 p 9

[FBIS Summary] The Radical Civic Union (UCR) has outlined a new economic policy that proposes "re-engineering" the state budget, "strengthening" the Argentine market, and "promoting" industry.

UCR head Rodolfo Terragno, who presented the five-page policy document during a 2 January news conference in Buenos Aires, described it as "only a preview" of a more comprehensive program to be presented in March. He also underscored the importance of a "healthy" currency and the need to expand the private sector.

Along more political lines, the UCR document declares "total opposition to the second reform of the state." In requesting superpowers, the document notes, the Executive Power is making an "implicit confession" that its economic policy has "failed." The document further states that following six years in office, "after having employed all the extraordinary powers allowed under the economic emergency law and the reform of the state, after having abused the use of the veto to completely or partially thwart legislation it didn't like, and after having sanctioned 146 necessity and urgency decrees, the Executive Power now admits that the economy is in a state of public emergency." The document contends that the running costs of the state (not including social security benefits) come to 21.636 billion pesos per year. It describes the government as "impotent with regard to historic unemployment, negligent with regard to dangerous social inequities, and unable to balance the budget, leading to a public debt of 87 billion pesos."

The document concludes that in a conflict between economic policy and a full functioning democracy, economic policy should be re-examined, so as not to weaken democracy.

Bolivia

Bolivia: CIA Director's Visit to President Explained

PY2501223996 La Paz LA RAZON in Spanish
20 Jan 96 p A8

[FBIS Translated Text] Government Minister Carlos Sanchez Berzain has reported that John Deutch, director of the Central Intelligence Agency (CIA) and member of the U.S. Government's cabinet, on 19 January promised President Gonzalez Sanchez de Lozada to channel the economic cooperation Bolivia needs to continue its fight against drug trafficking.

Sanchez Berzain said: "The president asked the official (Deutch) to apprise (U.S.) President Bill Clinton and the U.S. Administration of Bolivia's need for fresh resources to pay for the eradication of coca plantations and to increase alternative development."

He indicated that the chief of state made that request within the framework of shared responsibility in order to continue the fight against drug trafficking. The minister said: "We are massively campaigning to collect funds for this purpose." Sanchez Berzain reported on the meeting between Sanchez de Lozada and a U.S. delegation that included Deutch.

The CIA director paid the president a formal visit at Government House in the company of U.S. Ambassador Curtis Kamman; Kenneth Miniham, Defense Intelligence Agency director general; and DEA Deputy Director Steve Greene.

Sanchez Berzain stated that the CIA director pondered on the task carried out in 1995 against drug trafficking and terrorism.

He said: "The CIA director believes terrorism does not exist in Bolivia; an isolated case of kidnapping is a criminal action because terrorism has other indicators." Sanchez Berzain was asked about the role of the CIA in the antidrug fight. He explained that in the United States and in Bolivia there is an intelligence community that includes the DEA Intelligence Department, the CIA, and military intelligence.

Bolivian President Seeks More Aid for Antidrug Fight

PY1801184596 La Paz TVB Television Network
in Spanish 1700 GMT 18 Jan 96

[FBIS Translated Excerpt] Bolivia has asked for aid in the fight against drug trafficking. This was done through the president.

[Begin recording] [Reporter] Good afternoon ladies and gentlemen. President Gonzalo Sanchez de Lozada said today that it is practically impossible to fight drug trafficking without resources and this is why he asked the international community for greater economic support for Bolivia, which is involved in a gigantic struggle of reducing excess coca plantations and also encouraging coca growers to change to other types of farming, in other words, to support alternative development.

The chief of state said this to the diplomatic corps that is accredited to our country during a traditional ceremony held at this time of the year at Government House: The ceremony at which the diplomatic corps greets the president.

[Sanchez de Lozada] We know it is impossible to eradicate without an adequate compensation, without an alternative activity that may or may not achieve the same level of income.

This is why it is very necessary, it is just and necessary, that there be an awareness of the obligation that all of us have to seek a solution to a problem that is not just a Bolivian problem. Before anything else it is a problem for us Bolivians, but it is also a problem in accordance with the treaty, in accordance with every one's common sense.

[Reporter] The president also referred to alternative development. It must be taken into account that if there is a consensus the Ibero-American Alternative Development Summit will be held in December 1996. He said that if the underdeveloped countries had developed there would be no natural resources left in the world, and this is why imaginative solutions must be sought. [sentence as heard] [passage omitted] [end recording]

Voluntary Eradication of Bolivian Coca Resumes

PY1601112296 Cochabamba LOS TIEMPOS in Spanish 8 Jan 96 p A3

[FBIS Translated Text] La Paz, 6 Jan (LOS TIEMPOS) — A report issued by the Government Ministry states that 62 hectares of excess coca plantations were eradicated during the first week of 1996 following a recess for the year-end festivities.

A communique released by the National Social Defense Secretariat indicates:

"1. The voluntary and compensated eradication in Cochabamba has returned to normal after the year-end festivities, and an average reduction of 25 hectares per day has been established.

2. Considering the target for 1996, 62 hectares of coca plantations have been eradicated, despite the rain that has fallen in that region during the past few days.

3. Agreements on the reduction of coca plantations are being signed with centrals, federations, and unions in Chapare. Agreements have been signed with the Tiraque Federation, the Topater and Israel Unions, and others.

4. Thanks to agreements and dialogue in Chapare Region we are sure that in 1996 the country will once again benefit from the goals established in Bolivian law for the eradication program, and that this will strengthen our credibility in its fight against drug trafficking in the eyes of the international community.

Bolivian Drug Trafficking Seen as Social 'Detonator'

PY2401024096 Cochabamba LOS TIEMPOS in Spanish 19 Jan 96 p A10

[Editorial: "Drug Trafficking Is the Detonator of Political and Social Disturbances"]

[FBIS Translated Text] While the peasant women of the Chapare (producers and dealers) entered La Paz with the attitude of conquerors, the police were seizing 250 drums of coca leaf that were being taken to the maceration pits to be turned into cocaine and basic cocaine paste.

At the same time, the Social Defense Secretariat of the Ministry of Government told DIRECO [National Directorate for Agricultural Reconversion] to assume responsibility for controlling the collection and transfer of the coca leaf to the Sacaba market.

At the beginning of the week, the Ecological Police and Umopar [Mobile Police Unit for Rural Areas] were ordered to participate in overseeing the "primary" markets where the drug traffickers operate connected to an invisible network. These very necessary measures of control were increased when the attention of the public was centered on the heroic marchers.

The raids carried out by Umopar against the markets of Chipiriri, Sinahota, and other places in the Chapare has been interpreted by the executive secretary of the COB [Bolivian Labor Confederation] as a signal that the government means to use provocation to stop negotiations and prevent the marchers from entering La Paz. The raids carried out by the police and Umopar and the resumption of the forced eradication [of coca plantations] was denounced by the COB, which reiterated its full support for the objectives of the women marchers, who surprised the government with an increase in their demands.

The demand referring to the immediate suspension of punitive actions against the excess plantations was the demand that stood out among the several that were submitted. The other union organizations abstained from referring directly to eradication, which, according to the coca growers and the marchers, must be suspended ipso facto.

Meanwhile, the aides outlined, using the decision of the women coca growers, a clever strategy to tie the government in knots and relentlessly pursue it with new demands.

A Solidarity Committee that appeared overnight mobilized many La Paz institutions for humanitarian reasons but there was no decrease in the actions of the drug traffickers, who tried to recover the excess coca leaf in the belief that DIRECO and Umopar had loosened their control activities. Basic cocaine paste was seized in Cochabamba and Santa Cruz, which indicates that the criminal activities have not decreased.

It is acknowledged that thousands of coca leaf dealers in La Paz, one of the country's largest consumer markets, decreed a state of emergency and solidarity with the marchers, and it is stressed that there are hundreds of intermediaries among them, who preferred an unheard of sacrifice before giving up their only means of survival. The aides who furtively directed the culmination of the feat presumably forced the women dealers of Cochabamba, Oruro, and La Paz to join the protest. Those who voluntarily joined in defense of the coca leaf swelled the ranks of womens groups that had been recruited due to the need to safeguard "their right to life."

The position of the Catholic Church, the Human Rights Permanent Assembly, and La Paz University gives the events that have taken place a dramatic and moving atmosphere.

The problems in the Chapare are the legacy of previous regimes that did not resolve them with concrete alternative programs for the peasants, who, for the time being, cannot find an outlet other than maintaining themselves by growing and selling the coca leaf for greater and juicier benefits for the drug traffickers and their agents, a detonator of political and social disturbances.

Bolivia's MNR Members Obtain Departmental Prefectures

PY2601013896 Cochabamba LOS TIEMPOS in Spanish 19 Jan 96 p A8

[FBIS Translated Text] La Paz, 18 Jan — Government Minister Carlos Sanchez Berzain reported today that President Gonzalo Sanchez de Lozada appointed Nationalist Revolutionary Movement [MNR] Deputies Mirtha Quevedo and Yerko Kukoch as departmental prefects of Oruro and Potosi, respectively. The government minister further reported that the other prefects will remain in their positions "until the head of state decides to the contrary."

Sanchez Berzain's announcement took place precisely when MNR members are involved in a silent and "unusual scramble" for the prefectures, which are "coveted" on account of the vast sums of money to be appropriated to them by virtue of the Popular Participation Act and a special 25 percent tax on hydrocarbons.

Mirtha Quevedo (MNR-Oruro) — a former alderman representing the MNR in Oruro — held the position of prefect before discharging her duties to the satisfaction of the president, who, convinced of the need to put into motion the Administrative Decentralization process, nominated Quevedo once again as his personal delegate in Oruro Department.

Yerko Kukoch, MNR bloc leader in the Chamber of Deputies, was named as Potosi prefect for the first time. According to political analysts, the appointment of Kukoch seeks to "put an end to the close association" he had with [Chamber of Deputies President Guillermo] Bedregal, since Kukoch was one of the leading promoters of "the predominance of the MNR" in the entire government apparatus.

According to what was made public by the government minister, Quevedo — who is currently on leave — will travel to the city of Oruro on the morning of 20 January so as to be installed as prefect later that day.

Furthermore, official sources who chose to remain anonymous reported that the president of the Republic will confirm Alberto Gasser and Julio Leigue as prefects of Cochabamba and Santa Cruz, respectively. The same sources revealed that Enrique Urquidi may be reinstated as Chuquisaca prefect.

It was leaked in Congress that some hours ago, Sanchez de Lozada sent letters to the remaining prefects thanking them for their service to the Bolivian Government and requesting their resignations.

According to the aforementioned sources, the appointment of the other prefects — which, pursuant to the Constitution, is the president of the Republic's prerogative — will have been settled by 22 January, when the head of state is to meet with the top leaders of the parties that make up the ruling coalition.

What has transpired thus far is that the president is insistently requesting MNR Executive Secretary German Quiroga Gomez to take charge of La Paz prefecture.

The sources further reported that the head of state would reinstate Deputy Urquidi in the post of Chuquisaca prefect due to the support he has earned from card-carrying members of the MNR in Chuquisaca, especially for putting things back in order between the MNR and the MBL [Movement for a Free Bolivia].

Bolivian Government: Hunger Strike by Women Illegal

PY2401171896 Buenos Aires TELAM in Spanish 2352 GMT 23 Jan 96

[FBIS Translated Text] La Paz, 23 Jan (TELAM-SNI) — The Bolivian Government has described as illegal the hunger strike initiated today by 500 coca peasant women, who are protesting the callousness of government officials towards their social demands.

Labor Minister Reynaldo Peters has noted that "the requirements raised by" the peasant workers who arrived in La Paz to protest "differ from those raised by their representatives."

Evo Morales, the controversial Chapare coca growers leader, today called on his rank and file to initiate road blocks in that region in central Bolivia.

Morales explained that the road blocks would be implemented as a way of expressing "solidarity with the hunger strike being held by the coca peasant women who are not being heard by the government any longer," and as a protest against the fuel price increase, which has prompted general price increases.

Peters pointed out that the government has met all the demands raised by the coca peasant women on human rights, the eradication of coca crops, and the release of detainees, among other demands.

The labor minister emphasized: "They are describing totally unrealistic and simulated situations to baffle the public."

Peters noted that the coca peasant women have still not accepted or rejected a proposal raised by Ximena Sanchez de Lozada and Lidia Katari de Cardenas, the wives of the president and vice president of Bolivia, respectively, who presented a document that meets all their demands.

The labor minister noted that Ximena Sanchez de Lozada and Lidia Katari de Cardenas have been waiting since 20 January for the coca peasant women's decision on the signing of an agreement to resume the talks "among women" and solve the conflict.

Brazil

Brazilian President Charged With Bribery in Sivam Project

PY2501231296 Sao Paulo AGENCIA ESTADO in Portuguese 2151 GMT 25 Jan 96

[Report by Paulo Vasconcellos]

[FBIS Translated Excerpt] Rio de Janeiro, 25 Jan (AE) — Brigadier Ivan Frota today charged President Fernando Henrique Cardoso with corrupting members of the Senate committee that is analyzing the Amazon Region Surveillance System [Sivam] project, in order to have it approved. Frota said: "The financing will probably be approved by the super-committee of the Senate because President Cardoso knows how to buy the senators' votes with various benefits." Frota said this during a lecture to 300 people at the Brazilian Press Association auditorium in Rio de Janeiro.

In Frota's opinion, Cardoso is following international political interests and fears losing support for Brazil's admittance into the UN Security Council if Sivam is rejected. [passage omitted]

U.S. 'Interference' in Brazil-Indian Nuclear Deal Noted

PY2501215596 Sao Paulo AGENCIA ESTADO in Portuguese 2053 GMT 25 Jan 96

[FBIS Translated Text] Sao Paulo, 26 Jan (AE) — The Brazilian Nuclear Energy Association (ABEN) today complained about U.S. interference in the nuclear agreement to be signed by Brazil and India. The State Department reportedly requested that the U.S. Embassy in Brasilia supply information on possible nuclear projects between Brazil and India. ABEN Director Guilherme Camargo said: "The Brazilian scientific community is tired of that type of interference." He added: "This type of behavior does not reflect positively on Brazilian-U.S. relations."

Camargo said the Brazilian Government is not planning to build an atomic bomb because Brazil is the only country in the world that has a constitutional provision that bans this type of initiative. He said: "There is no reason for the United States to fear that possibility." He added: "We are the ones who should be worried about U.S. nuclear warheads."

Camargo praised the Brazil-India nuclear agreement. In his opinion, the administration has only one way to go to develop its nuclear program: to seek an exchange with emerging countries. He said: "The First World is not transferring us any kind of nuclear technology." He added: "This is why we are signing agreements with Russians, Chinese, and Indians."

Camargo said the agreement President Cardoso will sign will pave the way for Brazil to resume its research on thorium, a radioactive mineral that exists in large supply in the states of Bahia and Espirito Santo. He said: "India has vast experience with thorium, which is used as fuel in some of India's reactors." He added: "With this technology, we will — in the medium term — fuel our power plants with a mixture of uranium and thorium."

Brazilian Official Views Nuclear Talks With India

PY2501191696 Sao Paulo GAZETA MERCANTIL in Portuguese 24 Jan 96 p A6

[Article by Maria Clara R.M. do Prado]

[FBIS Translated Text] Ambassador Ronaldo Sardemberg, presidential secretary of strategic affairs, told GAZETA MERCANTIL on 23 January that Brazil does not want a nuclear agreement with India. Brazil may, however, sign a memorandum of intent with that country to obtain the necessary know-how to exploit its thorium reserves.

Sardemberg said: "Our talks with India do not involve an exchange of sensitive materials, or uranium reprocessing." He promised that Brazil will not violate any of the commitments signed with the Vienna-based International Atomic Energy Agency, or the Tlatelolco Treaty. Uranium reprocessing yields plutonium which can be used to produce atomic bombs.

Brazil has a huge thorium reserve estimated at 1 million tons — much larger than its 300,000 tons uranium reserve — but a lack of technical know-how prevents it from taking advantage of this resource. Sardemberg told GAZETA MERCANTIL: "We do not have this technology, but we should not overlook the fact that we have thorium reserves." He pointed out that a large proportion of the uranium Brazil currently uses to produce nuclear energy is purchased from the Netherlands, and that a shipment to fuel a nuclear power plant for a certain period costs between $140 and $150 million.

An agreement with India, which also has thorium deposits, may help Brazil to set up laboratories capable of producing uranium from thorium. Brazil also expects that the memorandum of intent which it will sign with the Indian Government will mention the possibility of exporting heavy nuclear-generating equipment to India.

Brazil is also considering taking advantage of Indian know-how to reach agreements on the use of radioisotopes for food preservation. Agriculture Minister Jose Eduardo Andrade Vieira said Brazil is interested in signing with India an agreement lifting the current importation restrictions on cattle embryos.

The most controversial issue, however, is the transfer of Indian know-how and technology that would allow Brazil to produce uranium from thorium. Sardemberg reiterated: "I must make it clear that this is not a nuclear agreement, merely an exchange of thorium-related know-how which does not involve uranium reprocessing."

Brazil's Foreign Minister Views New Diplomatic Style

PY2301132896 Rio de Janeiro O GLOBO in Portuguese 18 Jan 96 p 7

[Article by Foreign Minister Luiz Felipe Lampreia: "A New Style of Diplomacy"]

[FBIS Translated Text] From several viewpoints, 1995 will be a landmark for Brazilian diplomacy. For the first time, a former foreign minister was elected president, a man who is intimately familiar with Brazilian foreign policy and who imposed a new style on Brazilian international action. The domestic situation is also positive, with the consolidation of democracy, economic stability, growth, and the start of the reforms for modernization of the state and for modification of economic structures. Public diplomacy, which is the essential part of democratic regimes, has been strengthened. The dialogue between Itamaraty [Brazilian Foreign Ministry] and Congress, the press, the academic sector, unions, social organizations, nongovernmental organizations, state governments, and municipal governments has never been so intense. This made it possible for foreign policy designers to listen to the wishes and aspirations of Brazilian society and to translate them into actions.

Brazil could implement a foreign policy that simultaneously reflected innovation and continuity. Above all, a vigorous foreign policy that was coordinated with the ongoing transformations in Brazil, and with the optimism and self-confidence that were recovered by the Brazilian people.

The international community became aware of this new reality. The Brazilian image now reflects a stable and reliable country, a country that can realize its entire development potential, a country in which society has mobilized in order to develop such potential, competing for new markets, productive investment, and technology. The result has been a renewed interest, reflected by the significant number of world leaders and high-ranking foreign officials who visited Brazil.

To this interest, Brazilian diplomacy tried to respond with pragmatism, seeking to expand the Brazilian international presence through new or strengthened partnerships, which might supplement the progress we are making at the international level. Brazil has a new international relation profile, which more accurately reflects its continental dimension and its place among the world's 10 largest economies. The new government made a big investment — making a very good profit — on the qualitative improvement of Brazilian relations with its partners, both in the developed and in the developing world. To this end, it had an instrument that is essential in contemporary international relations: presidential diplomacy.

President Fernando Henrique Cardoso personally led the most important Brazilian diplomatic initiatives in 1995, giving Brazilian foreign policy the credibility and respect that he commands abroad both as a politician and as an intellectual. He thus became Brazil's main international spokesman, working for Brazilian political and economic interests, and explaining the changes and commitments that his government took in the economic plan and in sensitive areas like human rights and the environment.

The presidential visits promoted initiatives and strengthened cooperation and political dialogue with diverse countries like the United States, Germany, China, Venezuela, Chile, Portugal, Belgium, and Malaysia, following a balanced, comprehensive agenda, and searching for concrete opportunities. Today it is possible to calmly say that Brazilian relations with the United States, China, and Germany, or with Mercosur [Common Market of the South] countries, have never been so good and constructive.

The search for a balance and comprehensive approach has led Brazil to redesign its diplomatic presence in southern Africa, betting on the pacification of Angola, and attaching priority to the partnership with democratic South Africa. In the Middle East, Brazil expanded and balanced its contacts in line with the results of the peace process designed by Yitzakh Rabin. Brazil also approached Asia, a region that is now one of the driving forces of the world economy, and whose tradition has important lessons for our development process. Brazil strengthened its commitments with the nonproliferation of arms for mass destruction, joining the Missile Technology Control Regime, and advocating a general agreement banning nuclear tests. This had very positive effects on the Brazilian image of a country that is responsible and that can also cooperate in the area of sensitive technology.

The participation of Brazil in major international forums has been adjusted and updated. The president attended the commemoration of the 50th UN anniversary, advocating a stronger organization, with more capacity to take action not only in connection with international peace and security, but also for promoting development. The president redesigned the Brazilian position toward the reform of the UN Security Council, with the determination to actively engage in discussions and to participate, taking into account the interest of the international community and helping to strengthen the Council.

Brazil has tirelessly worked for the consolidation of Mercosur, promoting the customs union and advocating approach with other subregional integration organizations, and with countries like Chile, Bolivia, and Venezuela. Brazilian diplomacy advocated pragmatic, realistic action, noting the advantage of opening regionalism to international integration. That is the reason for the Brazilian efforts to make Mercosur and the European Union reach an agreement.

Brazilian diplomacy attached priority to the strengthening of the WTO, and to the implementation of the agreements under the Uruguay Round of GATT talks. By conscientiously assuming the obligations stemming from the agreements signed in Marrakesh, Brazil has obtained access to markets in the best possible conditions, and the security and stability of the rules that regulate the multilateral system of commerce.

Consequently, the balance of one year of foreign policy of President Fernando Henrique Cardoso is very positive. A busy agenda can be envisaged for 1996. In the first quarter of 1996, visits have been scheduled to India and Japan — two major international community members that are strategically important for Brazil. In those visits, and in other contacts, Brazilian diplomacy will continue to follow the guidelines that set the course of diplomacy in 1995, and which yielded such good results for the country.

It is therefore natural to celebrate a year of outstanding foreign policy achievements. Yet it is necessary to recall that the country will continue to face major challenges, which will demand dedication and perseverance from Brazilian society, in the search for a better place in the international community, a place that may facilitate Brazilian development and that may give more decent living standards to Brazilian people.

Brazil's Planning Minister Views Budget, Elections

PY2201130896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Jan 95 p 14

[Interview with Planning Minister Jose Serra by Cristiano Romero and Dora Kramer; place and date not given]

[FBIS Translated Text] [JORNAL DO BRASIL] Are you really running for the Sao Paulo mayoralty as Communications Minister Sergio Motta has proposed?

[Serra] Motta likes me very much, but he told me that he has not proposed my candidacy. I want to make it very clear that I will not run for Sao Paulo's mayoralty.

[JORNAL DO BRASIL] Why not?

[Serra] Because I have another candidacy to worry about. I am a candidate to help the Fernando Henrique

Cardoso's administration function well. This candidacy is more important than all other ones.

[JORNAL DO BRASIL] What about running for Sao Paulo governor in 1998?

[Serra] I believe it is too early to talk about 1998. Right now, my main concern is about the government's actions. I am not thinking about 1998 yet. At the right moment I will think about it, but not yet.

[JORNAL DO BRASIL] Will the government have money to conduct an electoral campaign?

[Serra] Not for the upcoming elections. There will be no money this year and, in my opinion, there should never be money for that. A country cannot draft its budget thinking about electoral interests.

[JORNAL DO BRASIL] Not even to help elect PSDB [Brazilian Social Democracy Party] mayors?

[Serra] The government is not maneuvering to help electing PSDB mayors. I am a member of the PSDB and the president of the Republic is also a member of the PSDB, but we are not using the government machinery to favor our party.

[JORNAL DO BRASIL] Will [Senate President] Jose Sarney have money to pay the readjustment granted to the Senate employees?

[Serra] He has no money to do it because this sum is not included in the 1995 budget. Therefore, an impasse has been created and the government favors the possibility of solving this problem by discussing the issue with the Senate. By holding talks.

[JORNAL DO BRASIL] Won't there be readjustments in the Chamber of Deputies?

[Serra] [Chamber of Deputies President] Luis Eduardo [Magalhaes] told me that there will not be any readjustment. The problem is the cascade effect readjustments have on other claims. From the Attorney General's Office, from the judicial branch and, finally, from all other public administration areas.

[JORNAL DO BRASIL] Is this an issue the government does not want to negotiate on?

[Serra] It is not a matter of negotiating. It is a problem of being inapplicable from the legal point of view.

[JORNAL DO BRASIL] Doesn't it bother you to have the fame of being a bad guy, inflexible, and irascible?

[Serra] There is a lot of folklore about that, but there is also some objective content in it. I have amphibious characteristics in my public life because although I run in elections I also have a technical background and technical training. This amphibious characteristic sometimes creates surprises, but this does not bother me. I believe that in politics it is good to have technical training and, from the technical viewpoint, it is good to have political training.

[JORNAL DO BRASIL] Does the tax that Health Minister Adib Jatene defends have any chance of being approved in Congress?

[Serra] There will be some difficulty in the Chamber of Deputies but it has many possibilities of being approved. The Contribution on Financial Operations proposal will be approved by the Justice Committee and then a new stage will begin.

[JORNAL DO BRASIL] What will happen to the health area if the tax is rejected?

[Serra] If Congress does not want to increase the allotments, they will not be increased because, by not being approved, these expenditures will be cut from the budget.

[JORNAL DO BRASIL] Nevertheless, Minister Jatene says that it is impossible to continue working without these resources.

[Serra] It is possible to do it, but not with the ideal pace of improvement in which the country expects the health area to function.

[JORNAL DO BRASIL] Won't it be difficult to have Congress approve a new tax now that the tax revenue has been increasing?

[Serra] The tax revenue has increased, but expenses have also increased. No Congress in the world likes to approve new taxes, but they all like to approve increases in expenditures. I know this very well because I have been in Congress for eight years.

[JORNAL DO BRASIL] Why did expenditures increase?

[Serra] First, as a result of the salary readjustments implemented in the second half of 1994, which were projected into 1995, and because with a low inflation rate these readjustments became real. Second, because the social security area expenses increases and, third, as a result of the high interest rates.

[JORNAL DO BRASIL] But weren't the increased expenditures of the social security area authorized by the government?

[Serra] This has been a political decision. There has been no lack of control over expenditures. On the contrary, we have cut some 10 billion reals [R] from the 1995 budget. This is not a good thing to do, but we had to do it because we must prevent the deficit from increasing further. Brazil must get used to the following idea: In order to spend money, one must have money. Sometimes, however, there is a type of political culture that makes this relation seem subversive. For a family, however, this principle is obvious.

[JORNAL DO BRASIL] Is the government doing well?

[Serra] Yes, there has been progress in consolidating the democratic process, in defining an ethical standard of behavior regarding public assets, in keeping the inflation rate at a low level, and in implementing constitutional reforms in the economic area, as well as in promoting an effective redistribution of wealth.

[JORNAL DO BRASIL] What have the destitute people earned?

[Serra] Figures are very clear in this regard. In Greater Sao Paulo, the most destitute people — who represent 10 percent of the population — have had a 30-percent increase in their income; and the destitute people — who represent 25 percent of the population — have had a 13.5 percent increase in their income. This, without mentioning their increased consumption in the areas of food as well as in the area of durable consumption goods.

[JORNAL DO BRASIL] The other reforms are not being approved...

[Serra] The social security are reform and the administrative area reform are politically much more difficult to approve because they affect the interests of corporations. Particularly the social security area reform because it apparently has very strong electoral implications.

[JORNAL DO BRASIL] Has the government made any mistakes in conducting debates on the reforms?

[Serra] At the beginning, the government preferred to concentrate its efforts on the economic problems. If the reform process were to start again, we would have preferred to send the constitutional amendments to Congress one by one. For example, we would have first sent only the economic reforms in order not to jam up the agenda.

[JORNAL DO BRASIL] Why is it so difficult to implement a fiscal reform in Brazil?

[Serra] It is difficult because it affects relations within the Federation: among the federal, state, and county governments. I have often seen proposals that seem to have been drafted for countries that are not federative republics, or for countries such as Denmark or Chile, instead of being drafted for Brazil.

[JORNAL DO BRASIL] Isn't the tax burden big enough already?

[Serra] The fiscal reform is not to increase revenue or to eliminate the deficit. The reform seeks to improve relations between the fiscal system and the functioning of the economy. The deficit must be fought by reducing expenditures and not by increasing the tax burden.

[JORNAL DO BRASIL] Many say that you treat the northeast region badly...

[Serra] There is also a lot of folklore in this regard. I don't see any sign of that in my daily work within the government. I don't see any sign of that when I deal with politicians who come from the northeast region, or when I visit the region. I was born in Sao Paulo, but this does not mean that I see the country only with the eyes of those who are born in Sao Paulo. On the contrary. We are preparing a proposal for the president of the Republic, which benefits the northeast region.

[JORNAL DO BRASIL] What is it about?

[Serra] We want to make the Prodetur — Tourism Development Program — feasible. This program is financed by the Inter-American Development Bank. We have another project for the water resources area that will cost an estimate R1 billion. This project will enable the government to definitively finish, in a continuous and sustained manner, the public works projects that are still incomplete. In addition, we are developing a project that will eliminate all obstacles created for the Northeast Development Superintendency incentives program, which currently has approved projects costing a total of $2.4 billion and represent a $400,500,000 flow of resources each year.

[JORNAL DO BRASIL] Aren't the people in the northeast region against you?

[Serra] On the contrary. Whenever I visit the region, the local people like it very much. I address the people during rallies, talk to people on the streets without any problem. Lots of people are surprised at the ease with which I relate with the northeastern people. What sometimes creates a certain deal of confusion are the amphibious characteristics of my personality.

[JORNAL DO BRASIL] Have you adopted a protectionist policy for the incentive rules that have been created for the automotive area?

[Serra] First, it wasn't I who adopted them. It was the government, the president of the Republic. Second, at the time, there was a great deal of confusion when people ridiculously talked about a regime of quotas, which had no importance at all in the new regime to be adopted. Third, the automotive regime calls for an opening of the economy and seeks to export more in order to enable the country to import more. We couldn't allow Brazil to become a mere car importer, and this is what was happening. Old-time protectionism created barriers to import and stimulated domestic production at high prices. Currently, the Brazilian car- manufacturing regime is open.

[JORNAL DO BRASIL] Which are the concrete results of this new model?

[Serra] Estimates for 1996 indicate that investment in the car- assembling companies that are already operating in the country will increase more than 60 percent this year. This means that this sort of investment will increase, in exact numbers, from $1.5 billion to $2.5 billion. If we also consider investment the new car-assembling companies want to make in the country, as in the case of the Renault company, we expect to have — before the end of this decade — a massive investment in the country of more than $12 billion. We also count on a nearly 50-percent increase in car exports, and this is very important.

[JORNAL DO BRASIL] Is the pace of this opening good?

[Serra] The opening process was implemented fast and in a drastic and massive way. It is obvious that in a process of this kind there must be adjustments. This is normal in any opening process. The important thing, however, is that nowadays, Brazil still has an open economy, the most open economy on the American continent, more open even than the U.S. economy. Particularly because we still do not have mechanisms to protect us from unfair competition.

[JORNAL DO BRASIL] How painful is the opening process?

[Serra] Some areas have relative disadvantages compared to the same areas abroad. Others suffer problems resulting from a delayed modernization. There are others still that are punished by the high interest rates, particularly, because some imports are financed with extremely low interest rates, which range from 4 to 5 percent per year, while the Brazilian manufacturers have no possibility of supplying the product to his client with financing of that sort.

[JORNAL DO BRASIL] Will the privatization program really function this year?

[Serra] I believe not, because it has never ceased to function.

[JORNAL DO BRASIL] Is it true that Elena Landau will leave the privatizations board?

[Serra] She didn't have the courage to tell me that. She works with me but she has absolutely not told me any such thing.

[JORNAL DO BRASIL] Have you, however, read anything about this?

[Serra] Newspapers publish so many things that if I take the time to read each one of them... The National Bank for Economic and Social Development, however, works as a team.

[JORNAL DO BRASIL] How can the government increase exports and ensure a trade balance surplus?

[Serra] I will not discuss the exchange policy or the interest rate policy here because these policies are not to be debated publicly. There are, nonetheless, several ways of stimulating exports.

[JORNAL DO BRASIL] Which ways are there?

[Serra] Through credit and cost reduction in the area of the so- called Brazil Cost. Through aggressiveness in exports also. As the demand has increased enormously during the first months after the implementation of the Real Plan, the government paid less attention and worried less about the car-manufacturing area exports.

[JORNAL DO BRASIL] Is reelection a good topic to discuss now?

[Serra] Conceptually, if the president of the Republic's term in office is only four years long, there should be the possibility of reelection. If the term in office is five or six years, reelection could be dispensed with. If there is a possibility of implementing right now an amendment that applies to President Cardoso and the current governors, I am in favor of it.

[JORNAL DO BRASIL] Do you think Congress would approve such an amendment?

[Serra] There are other political implications regarding the feasibility and the propriety of implementing such an amendment in the short term. We must, therefore, analyze more carefully these implications and we must do it together with the other political forces because it is obvious that an issue of this nature calls for a high degree of consensus from Congress.

[JORNAL DO BRASIL] Do you regret having gone to a ministry in the economic area?

[Serra] Not at all. At the end of 1994, I planned to take a seat at the Senate because I had just been elected senator with 6.5 million votes. President Fernando Henrique Cardoso offered me the possibility of heading one of several ministries and I ended up by choosing the Planning Ministry and I think it has been a good choice.

Brazilian Finance Minister Views Economy, Interest Rates

PY2301230896 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Jan 96 Section 1 p 9

["Main excerpts" of "exclusive" interview with Finance Minister Pedro Malan by Carlos Alberto Sardenberg at the Finance Ministry in Brasilia on 11 January]

[FBIS Translated Text] [Sardenberg] The policy that sought to restrict consumption has been the most criticized one inside and outside the government. Has it been difficult to enforce it?

[Malan] We would have been much more criticized if we hadn't done anything and allowed the Real Plan to fail. If the government had done nothing when the economy began to heat up too much at the beginning of 1995, the inflation rate would have increased and the plan would really have been at risk.

[Sardenberg] Has it been difficult to convince President Fernando Henrique Cardoso, who is a politician, to accept this unpopular policy?

[Malan] President Cardoso has a great quality. On the one hand, he is a politician with sensitivity. On the other hand, he is a rational person who understands reasons that are presented to him. In addition, he is also committed to the stabilization program.

[Sardenberg] Does President Cardoso complain to Minister Malan about the high interest rates the way former President Franco complained to then Finance Minister Fernando Henrique Cardoso?

[Malan] It is not a matter of complaining. We discuss the issue. There is perfect understanding between us. One way or the other, however, the interest rates have been dropping since August 1995.

It is curious to notice that now that the interest rate has dropped to 2.6 percent, and tends to continue dropping, some people keep using the same discourse they did in March 1995, when the interest rates were at their highest level: 4.26 percent.

[Sardenberg] Have you never worried about the fact that so many economists, of the right and of the left, as well as almost all politicians, have been criticizing the high interest rates? Have you never thought that you might be making a mistake in keeping them at that level?

[Malan] There are two types of criticism. One is purely political. It is a sort of contest to see who is able to use the most bombastic adjective to classify the interest rates: stratospheric, ionospheric, pornographic, esoteric, exhorbitant, lethal, murderous....

[Sardenberg] Which adjective would you use?

[Malan] I have always referred to the interest rates as extremely high rates, as they were at their climax, or unbearably high, in March. Right from the beginning, however, we have been announcing their drop.

[Sardenberg] What sort of criticism do you take into account?

[Malan] Criticism such as economist Ibrahim Eris'. In a debate with him, I challenged the economists to determine to what level the interest rates should drop. Eris accepted the challenge and made an extremely skillful exposition to propose, as he said, interest rates that would be only decently — and not indecently — high.

He explained some hypotheses (exchange rate, inflation rate, growth rate) and gave me his own figures; the interest rate was at the 2.8-percent level and he thought it could go down to 2.3 percent in March and that the yearly average should stand at 2 percent. This is a relevant discussion. Please notice that the difference between the two rates was very small. People who criticize the interest rate level believe that it could be 0.1 percent or 0.3 percent lower than it is now.

[Sardenberg] Did the beginning of the process for easing of the monetary policy, which occurred in August, take place at the moment the economic team deemed adequate, or did political pressure make the economic team adopt it ahead of time?

[Malan] It occurred at the moment we deemed adequate. No considerations of a strictly political nature can influence our decision on that sort of issue.

[Sardenberg] At which moments in 1995 did you fear for the Real Plan most?

[Malan] The year started under the panic resulting from the Mexican crisis. There was a mistaken feeling that Brazil would inevitably follow the same path. We said that things in Brazil would not be similar to those in Mexico and managed to change the situation, but that was a critical period. We lost from $5 to $6 billion in reserves.

[Sardenberg] Was the first time the economic team modified the exchange policy, on Monday, 6 March, the worst moment of the year?

[Malan] Due to an incredible combination of factors, that Monday was the worst day of the year for the all international markets. There were reports about the deterioration of the Mexican and Argentine economic situations. This was the day the Japanese yen reached its highest rate compared to the dollar, at 86 yen per dollar. There was enormous uncertainty, there was perplexity as well as panic in the international market, and all that affected us.

[Sardenberg] Did you begin to think that week that you had lost control over the Real Plan?

[Malan] No. But it was a particularly tense week until Thursday, 9 March. That day we redefined the variation band for the dollar exchange rate and, from then on, control over the situation was reestablished. It was, nonetheless, a very difficult moment. We had to deal with the panic resulting from the Mexican crisis and the overheating of the Brazilian economy.

[Sardenberg] Some believe that the inflation rate level is good already and that what the country needs now is to grow. These people even think that a slightly higher inflation rate would not hurt the economy. What do you think of that?

[Malan] That is a monumental mistake. This theory simply means the following: We will again increase the burden shouldered by the destitute people because it is easier to displease them than to displease others. Destitute people do not organize huge demonstrations, they do not park sound trucks in front of ministries. Destitute people are dispersed. One of the main achievements of the Real Plan has been to take the inflation burden off the shoulders of the most destitute people. It is antisocial to plan to go back to that sort of solution.

[Sardenberg] But when will there be space for economic growth?

[Malan] Listening to you, one would think that the Brazilian economy is experiencing a deep recession. This is an extremely mistaken impression. The economy grew by around 4 percent in 1995, and this does not represent recession in Brazil or any other country in the world. Recession is what we had from 1990 to 1993. Or from 1980 to 1983. In addition, we also had an increasingly high inflation rate. Please compare last year's growth to that of more recent years: We grew by 4.2 percent in 1993, 5.7 percent in 1994, and around 4 percent in 1995. The growth rate will be something near that in 1996, then higher in 1997 and 1998. There will thus be six consecutive years of an express increase in the real per capita income, allied to a drop in the inflation rate from a percentage in the thousands in 1993 to a civilized level.

[Sardenberg] Does that mean that a 4 or 5 percent economic growth rate is already good?

[Malan] We can go back to 7 percent, but only if the amount of savings in the Brazilian economy increases. Foreign savings will increase, but not very much. We are stimulating private domestic savings, and these savings will increase as the "Brazil Cost" drops. In the public area, the problem to be solved is that of eliminating the deficit, which represents a way of destroying all sorts of savings.

[Sardenberg] The public deficit increased in 1995. What has been the main cause for that: the interest rate or the payroll?

[Malan] In the case of state and county governments, where this deficit increased most, the deficit was the result of excessive expenditures compared to revenue, although the revenue has greatly increased. The state governments are paying the interest on their debts with certificates. The debt is increasing because the interest that hasn't been paid is incorporated into the principal of the debt.

As to the old debt, which has been negotiated in 1993, the state governments are paying for it, but with fixed interest rates of an average 6.4 percent per year. Therefore, the problem does not lie there.

[Sardenberg] Could it then lie in the interest payments that the state governments are paying on the loans they obtained this year?

[Malan] It is true that several state governments have requested advance allocations on their budgets, and interest on this sort of money is high, averaging 6.5 percent per month. The state governments have asked for these loans in order to pay for their excessively high expenditures. The main items on their list of excessively high expenditures are the public employees' payroll and the payment of pensions to retired public employees. These are the main items on their list of expenditures.

Therefore, two-thirds of the deficit of the state and county governments is due to increased expenditures and one-third to high interest rates. An appreciable portion of the interest, however, involves loans requested for payment of general expenditures. Therefore, the essence of the problem lies in general expenditures such as the payment of salaries, as well as other administrative expenses.

[Sardenberg] In the case of the federal government, however, the increase in the deficit is more a result of the interest rates.

[Malan] Yes, but the level of interest rates has been decreasing. There has already been a significant drop. As a result, expenses involving the payment of interest on the public debt will be lower. I insist: The interest rate is dropping, and will continue to do so. The rules of the game have already changed and people have not realized it.

[Sardenberg] Can we say that in 1996 the government will spend half of what it spent on interest in 1995?

[Malan] That's it. And these are the great challenges of the Real Plan — to reduce the "Brazil Cost" and to reduce the public deficit. Once this is achieved, the inflation rate remains low, and the privatization program advances, the government will be able to effectively look after what is really important: Solving problems in the social area.

[Sardenberg] Due to the "pink folder" file problem in December, the Economico Bank crisis, and the prospects of bad sales during the Christmas season, many have mentioned the possibility of a cabinet reshuffle and of your being replaced. In January, however, everything seems to be well suddenly. What do you attribute this to?

[Malan] I don't know if the atmosphere has really changed, or whether this alleged crisis was nothing but alarming rumors. To those who, like myself, are not worrying about the day's gossip but rather about medium- and long-term solutions, it is clear that the government has been treading a coherent path since the beginning of its term in office. I do not attribute any importance to things that come and go swiftly.

[Sardenberg] Did you have to reject the resignation of any Central Bank member?

[Malan] No, I haven't.

[Sardenberg] How do you feel after having been at the head of the Finance Ministry for one year?

[Malan] This is one of the most difficult jobs I can think of. I hope, however, to be able to contribute, at least modestly, to the construction of the country that I would like to leave to my children and grandchildren.

[Sardenberg] At the beginning of the Cardoso administration, you were considered the strongest minister of the economic area and several have predicted disputes within the government. How do you see the situation now, when the policies you have defended have proven you right?

[Malan] I have always deemed that initial disputes are deceptive. I have enjoyed good relations with the president for many years. We have an excellent level of communication; we talk to each other several times during the day, and whenever it proves necessary.

I have never understood those media reports very well. I have simply concentrated on my job. My job, however, does not belong to me but to the president of the Republic. As long as I can count on his confidence and as long as I feel that I still deserve his confidence, I will remain in this position.

Brazilian Police Investigate Money-Laundering Firms

PY2001023796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Jan 96 p 13

[FBIS Translated Text] Brasilia — Central Bank International Affairs Director Gustavo Franco yesterday said that the amount of exchange frauds could be reduced by modifying the rules of exchange market. "We can make a lot in the field of rules. However, I will not speak about this right now," Franco said regarding the charges raised by JORNAL DO BRASIL about a money-laundering scheme that involves more than $1 billion.

According to Franco, the Central Bank last year sent several reports to the attorney general's office about companies that committed some irregularities in the exchange market. Franco, however, pointed out that in many cases the fraud is in detriment of the revenue service and not of the exchange market. "Sometimes the exchange operation is completely correct from the legal point of view," he said.

Regarding the frauds with car imports, Franco said that the problem is more related to the Federal Revenue Service. However, he acknowledged that the Central Bank has helped to punish people involved in car-import fraud schemes.

The most sensitive amount financial operations to launder money through the current accounts of nonresident foreigners (the so-called CC-5) [Carta Circular-5] are carried out in Ponta Pora and Foz do Iguacu, a border region between Brazil and Paraguay where merchandise is exchanged and most of the illegal money coming from drug trafficking and smuggling circulates. The Federal Police have identified at least three Paraguayan firms that use Brazilian banks to move money through CC-5 accounts: Cambios Guarani, Cambios Amambai, and Cambios America.

Cambios Guarani had accounts in Ponta Pora and Foz do Iguacu in the Banespa [Sao Paulo State Bank], Bamerindus, Cash, Nacional, and Unibanco banks. Between 1990 and 1992 Cambios Guarani moved nearly $500 million. Of that amount, at least $8 million went to phantom accounts of the corruption scheme of businessman Paulo Cesar Farias, PC. Amambai Cambios moved its money through the Dimensao and Bamerindus banks; and Cambios America moved its money through the Banespa branch in Foz do Iguacu.

Each exchange house moved more than $500 million per year. All of them are being investigated in Sao Paulo. However, Federal Police officer Joao Carlos Sanchez Abracos wants the investigations to be transferred to

Foz do Iguacu to facilitate the work of the police and the banking investigations.

The investigations so far carried out, says Abracos, demonstrate that the CC-5 accounts are a kind of black hole in the financial system. "The Central Bank only sees what comes in and goes out of these accounts. There is no information about the origin or final destination of the money," he added. By attacking this money laundering scheme — the investigations are being coordinated from Brasilia by Federal Police officer Paulo Lacerda — the Federal Police is beginning to track down the financial branch of organized crime. It is not by chance, the police think, that the evidence of money laundering begin on the border between Brazil and Paraguay, pass by Sao Paulo —where most of the movements are made — and end in Rio de Janeiro, where there are also several Federal Police investigations being carried out on the subject. In Rio de Janeiro, most of the operations are linked to the network of illegal dollar exchangers.

The Federal Police estimates that there are nearly 300 CC-5 accounts opened by companies from fiscal havens which operate irregularly in several Brazilian banks. The 10 principal accounts where the police has already found strong evidence of irregularities which range from tax evasion to illegal hard currency remittance are: Cross, Kenaco, Pacifico Star, and Cannon (from the British Virgin Islands), Becket and Accent (Panama), and Guarani, Amambai, and America (Paraguay).

Brazil: Serra Views Goal of Achieving Zero Deficit

96SM0053B Sao Paulo GAZETA MERCANTIL in Portuguese 2 Jan 96 p A9 Special Supplement

[Article by Sao Paulo correspondent Maria Aparecida Damasco: "There's No Magic Wand in Fiscal Policy"]

[FBIS Translated Text] Minister of Planning Jose Serra has next year's two big economic policy targets on the tip of his tongue: the public sector and the external sector. The vulnerability of Brazil's public finances is plain from the statistics published since mid-1995: in October, the public deficit (the operating deficit) reached 4.08 percent of gross domestic product (GDP), as opposed to the 1.3 percent surplus recorded at the end of 1994. This was due primarily to the pressure of heavy spending by states and municipalities (2.48 percent in October, compared with 0.6 percent in December 1994). The restraints of the external sector became more visible because of the damage done to the trade balance by superheated consumption patterns: at the end of 1994, foreign trade had accumulated a still-respectable $3 billion deficit.

Last Wednesday afternoon, shortly before leaving for Italy to spend New Year's with his family, Serra was consulting technical documents and ticking off political arguments to show that the problems are indeed serious, but that the administration is attacking them decisively—and within the conditions imposed by the political scenario. "It could have been worse," he told this newspaper in assessing the advance of the public deficit in 1995. Serra emphasized that the executive branch vetoed $3.5 billion worth of budget amendments. "That was the first time in the country's recent history that this was done." Furthermore, by resorting to the artifice of quotas [*contingenciamento*], the administration was able to hold back on $10 billion in outlays during the year.

As of November, gross federal revenues had risen by $18.2 billion, in September 1995 prices. On the other hand, the expenditure components had swelled by much more. The personnel and payroll account, for example, was hit with a $7.9 billion surcharge. Social security benefits grew by $6.8 billion. Interest charges and transfer payments to states and municipalities increased by $5 billion and $4.8 billion, respectively.

The weight of interest payments and the burden of government employee salaries and retirement benefits explain the deterioration. "In no way was it the result of prodigal management of the public accounts," he pointed out. "It was mainly a legacy of the election year of 1994, of generous salary increases granted by the states." The stabilization plan also had an effect. "Without inflation, the wage increases became real ones," Serra explained.

The goal of eliminating the deficit in 1996—as the minister reiterated without a trace of hesitation in his voice—thrusts certain important decisions to the fore. The first, of course, concerns the increase in federal government employee salaries. The minister refused to say what the administration plans to do. But you do not need a crystal ball to guess the kind of fight he will have on his hands if he decides to simply "freeze" salaries at their current levels.

As for interest rate policy, the focal point of the most severe criticism from the production sector, Serra would say only that the gradual decline now being observed will continue. He made a point of explaining, however, that under democratic regimes it is impossible to resolve the fiscal question by waving a magic wand. "Fiscal policy is always difficult and arduous to carry out, and it requires continuous mobilization," he said. The fact that 1996 is an election year certainly does not help fiscal policy, the minister admitted, although this time the pressure should be confined to the municipalities.

On the external front, according to Serra, the administration will put priority on encouraging exports from now on. After all, the extremely modest growth in exports has acted as a brake on imports and, indirectly, on growth itself. "We need to speed up the adoption of a more comprehensive trade policy and lower the Brazil cost," Serra said.

By "lowering the Brazil cost" he meant not only improving the physical infrastructure for exports (modernizing the ports, for example) but also reducing electric power rates and expanding the lines of credit, mainly through the National Bank for Economic and Social Development (BNDES). Serra also urges that antidumping laws be fine-tuned and that protection against unfair trade practices be strengthened. He is certain that such protection is much weaker than what exists in the United States and Argentina, for example.

Although he avoided giving specific and figures, the planning minister is assuming that both the trade surplus and growth in GDP will be similar in 1996 to those of 1994. In fact, sustaining growth depends rather heavily on more aggressive action by the BNDES. "The president himself said that the BNDES will be the development arm of this administration," he said, recalling that the bank made $1 billion in loans in December alone.

The minister made it clear that the BNDES will play a multifaceted role in inducing growth: from direct participation in the privatization of federal enterprises to encouragement of privatization by the states—as well as financing public services to private enterprise, promoting industrial restructuring, and arranging export financing.

Therefore, in the wake of this moderate growth a battle will be waged against the unemployment that tormented the production sector all last year. On this point, Serra emphasized, inter alia, the incentives given the construction industry in the form of $4 billion for housing construction and sanitation projects.

However, the minister believes that employment policy must not stop there. He also advocated specific action in that field, primarily worker training. One successful experience in this direction was the retraining, by SENAI [National Industrial Apprenticeship Service], of 20,000 workers who will be laid off by the Federal Railroad System, Inc.

If there is one island of calm where Serra is not afraid of making predictions, it is surely inflation. He noted that although this year's federal budget had assumed an inflation rate of 16 to 20 percent, it is much more likely that the rate will prove to be lower, somewhere between 12 and 16 percent.

In his opinion, however, just as important—or even more important—than these figures is the change in the dynamics of Brazilian inflation, a change evidenced by three factors. First, there is greater convergence among the several price indexes, and this occurred more quickly than in Argentina. Second, there has been a weakening of the micro-inertial nature of inflation; in other words, less rigidity in the movement of the indexes. Now if they rise, they soon fall again. And, lastly, there is greater flexibility in the labor market, as evidenced in the flexible work week, the creation of an "hours bank," and other methods of adapting to the economic situation. "Contrary to what many think, breaking the rules of indexation has brought only benefits for employees, production, and wages."

Brazil: New Industrial Policy Outlined

96SM0053C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 96 p B7

[Article by Milton F. Da Rocha Filho: "Industrial Policy Calls for 4.7 Percent Growth"]

[FBIS Translated Text] After nine months of consultation and debates, the final version of the administration's industrial policy plan is ready. It was prepared by the Ministry of Industry, Commerce, and Tourism and calls for the economy to achieve an annual growth rate of 4.7 percent. Experts admit that this rate is modest, but it could be revised as time goes on, with the industrial sector growing at an average of 6.7 percent. Exports should rise by 9.7 percent in 1999, according to the plan, with manufactures boosting their role in total foreign sales from 56.8 percent to 65 percent within the same period.

Industrial leaders like Antonio Ermirio de Moraes, CEO of the Votorantim Group, believe that the lack of an industrial policy is already causing distortions in the economy and even contributing to a lack of interest in new investments. He thinks the Ministry of Industry, Commerce, and Tourism should act more quickly to adopt the plan. "Right now, the industrialist is a forgotten man in Brazil," he said.

The administration's plan went through several "pilot" versions that were modified over the past nine months. The introduction includes a statement that the plan complements the 1996-99 Multiyear Investment Plan "and shares the general strategies established there for government action."

The plan calls for boosting investments in science and technology to 1.5 percent of gross domestic product

(GDP), compared with the historical average of 0.7 percent. In more developed countries, this index is as high as two or three percent of GDP.

Planned Growth—Principal Goals of the Industrial Policy Plan

Goals	Value ($ Billions)		Average Annual Change (%)
	1994	1999	
Total GDP	531	668	4.7
Industrial GDP	197	276	6.5
Foreign trade flow	77	126	10.6
Exports	44	65	8.1
Exports of manufactures	25	42	10.9

Source: Ministry of Industry, Commerce and Tourism

Exports To Be Encouraged

Here are the main points of the industrial policy plan:

- The state must increasingly act in partnership with the private sector and turn more and more attention toward resolution of social problems and to planning and coordination.
- The sectoral chambers [*camaras setoriais*] should take a longer-term view in their actions.
- The Council of Secretaries of Industry, Commerce, and Tourism will be strengthened in order to dilute the concentration of industrial activity.
- Government action will take two forms: (1) creating and maintaining an atmosphere favorable to corporate development by reducing the Brazil cost; and (2) supporting the expansion and modernization of the country's industrial plant and equipment.
- The economic and social infrastructure will be improved by correcting distortions in the tax system and fostering new financing conditions.
- Geographical concentration of industrial production will be reduced by supporting and strengthening the existing industrial hubs and taking advantage of new opportunities.
- Expansion of foreign trade. The goal is to reach $126 billion in 1999 (65.8 percent more than in 1994).
- In 1999, foreign trade will account for 18.9 percent of GDP compared with 14.4 percent in 1994. Participation in international trade will be 1.8 percent (one percent in 1994).
- Provide new incentives for exports, such as reactivating the credit insurance program, reducing the tax burden, and promoting exportable goods and services abroad.
- Create conditions favorable to investments and the modernization of companies.
- Modernize labor relations to give the worker a bigger role in production decisions and results. Labor regulations need to be modernized.
- Give priority to the entry of new members into Mercosur, creation of a Free Trade Zone with the European Union, and negotiations toward formation of the Hemispheric Market, as well as the strengthening of the World Trade Organization.
- Concentrate government actions on the so-called "flaws" in the market using with long-term financing, technology, education and vocational training, social and economic infrastructure, and regulatory actions such as protecting competition, intellectual property, and environmental quality.
- Support small business in order to create conditions under which small companies can fulfill their role in job creation and the decentralization of economic activity.
- Develop a vocational training policy to make available the instruction and skills that workers need. Encourage greater integration between business and schools.
- Identify sectoral investment opportunities.

Brazil: Weak First Quarter Industrial Performance Seen

96SM0053D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Jan 96 p B6

[Article by Salete Silva: "Industry Expects Weak First Trimester"]

[FBIS Translated Text] Orders from merchants seeking to rebuild their inventories are beginning to arrive at industrial plants, but businessmen expect they will sell much less in the first three months of 1996 than in the same period last year. Sales will, however, be better than in the first quarter of 1994—which, in turn, were four percent above those of 1993.

Last January's industrial production was the highest recorded by the Sao Paulo State Federation of Industries (FIESP) since 1975. Repeating that feat, some businessmen say, will be impossible.

"Good industrial performance in the first quarter of 1995 was a reaction to the resumption of economic activity that began in the second half of 1994," observed Sergio Magalhaes, president of the Brazilian Association of Machine Industries (Abimaq). In January 1995, FIESP's Index of Industrial Activity (INA) stood 23.1 percent above the previous year's rate.

In subsequent months of 1995 the level of economic activity tended downward, but monthly results were still well above those of 1994. In June, factories produced an average of 16 percent more than in the previous year. That percent fell to 7.3 percent in July. "In the first three months of 1996, we will probably return to last July's levels," Magalhaes predicted.

In contrast to last year, capital goods factories are likely to find the second half better than the first half. Their first quarter orders traditionally are received between November and December of the previous year. "Companies fill their order books at the end of the year, and the end of 1995 was very bad," he said. That is why sales are going to be lower this year.

Interest Rates

Not even the slight reduction in interest rates announced last week, which may indicate that the government is going to adopt a more flexible monetary policy, generates enthusiasm among industrialists. "Interest rates stimulate investments, not consumption," said Mario Bernardini, director of FIESP.

Bernardini thinks, however, that the profits available on the financial market are much more attractive than the average of eight percent offered by the industrial sector in the past five years. "Financial gains still make up for a lot." A shortage of credit, in his opinion, is the primary obstacle to higher sales.

Celso Hahne, president of the Brazilian Association of the Plastics Industry (Abiplast), also said the reduction in the interest rate will not stimulate economic activity in the first part of this year. "Such measures take time to produce any effect," he stated.

He said that packaging factories will receive orders in these first few months only from sectors where sales traditionally improve at this time of year: "Suntan lotion and school notebooks, for example."

Employment

The prospects are a little rosier for the construction industry. According to Eduardo Zaidam, director of economics at the Construction Union (Sinduscon), January will be a tough month for contractors. But starting in February, the trend will be toward a growth in activity. "January will be slower, but the trend will change beginning in February and should hold steady all year," he said. Not even unemployment is a cause for concern, in his opinion—at least not in construction. "Employment will at least be stable, and might even rise a little."

For other sectors, however, unemployment is the big problem as 1996 begins. "The economic 'opening' forces companies to become more competitive in order to challenge imports, and a lot of factories still must downsize to cut costs and offer products at better prices," Magalhaes said.

In Bernardini's view, employment is a serious problem, especially because the government, as he sees it, has not taken steps to stimulate hiring or at least prevent further layoffs. "Brasilia is not going to wake up until there is a whole battalion of unemployed."

Brazil: Correction to Government 'Hurry' on Sivam

WA2601135596

The following correction pertains to the item headlined "Brazilian Government 'Hurry' To Vote on Sivam Criticized," published in the 22 January Latin America DAILY REPORT, pages 47-48:

Page 48, column one, sixth full paragraph, sentence three, make read ...the Sivam project. There is a suspicion that irregularities have been committed. Yet the TCU accepts to restrict the... (adding dropped sentence, rewording)

Chile

Chilean Minister Urges Presence in 'Inhospitable Zones'

PY1701235396 Santiago EL MERCURIO in Spanish 17 Jan 96 p C3

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza said yesterday he is convinced it is necessary that the entire country make a great effort to have more presence in the far away and inhospitable zones such as the Campo de Hielo glacier.

He denied that the Hielo Azul operation was considered a failure because yesterday he and Defense Minister Edmundo Perez Yoma were only able to fly over the zone where the Air Force built a landing field.

Insulza said: "This is an operation that will last several weeks. What happened is that we ran into bad weather which was unexpected at this time of year, but this does not mean there are no capabilities to land."

Regarding the agreement that established the boundaries in the zone of the Campo de Hielo Sur glacier, Insulza explained that the treaty involves about 2,200 sq km, of which 1,200 sq km are on the Argentine side and 1,000 sq km on the Chilean side.

Insulza pointed out that the Campo de Hielo glacier has more than 10,000 sq km and that most of that territory is on the Chilean side.

He said that the Chilean Air Force has a map in the Villa O'Higgins base that demarcates the zone of the Campo de Hielo glacier, which clearly shows the side that is undoubtedly Chilean and the side that is Argentine, as well as the zone in dispute.

He said: "The part in dispute is a smaller part of the Campo de Hielo glacier. A great deal remains to be done in this region."

Insulza made it clear that the part that was never in dispute and that unquestionably belongs to Chile is much greater and this is where a great deal remains to be done.

He added: "It is an inhospitable and difficult region but very beautiful. But it is there and we must have a presence in this sovereign region. I am not talking about the zone in dispute but about the zone that is absolutely Chilean. This zone is thousands of sq km and it is necessary to know it well."

Chilean Television Channels To Expand to Latin America

PY0501180496 Madrid EFE in Spanish 1755 GMT 2 Jan 96

[FBIS Translated Text] Santiago, 2 Jan (EFE) — It was official announced today that once the Panamsat 3 satellite is in orbit, on 9 January, the international signals of Television Nacional Channel 7 and Universidad Catolica Channel 13 will reach the entire Latin American continent.

The two television channels now use Panamsat 1 which covers from Ecuador down to the south of the continent, although it does not cover part of Brazilian territory.

Currently, Channel 7 reaches 3.2 million homes in Argentina, Ecuador, Peru, Bolivia, Paraguay, and part of Brazil.

In Argentina, more than 3 million homes tune into Television Nacional. In terms of audience, in Buenos Aires city it is the 26th most popular out of 70, while in other cities like Mendoza, it is the eighth most popular according to Juan Agustin Vargas, Television Nacional's international manager.

Vargas admitted that access to new markets will not be easy because Colombia, Venezuela, and Mexico are "experts." They are highly saturated countries that "are also accustomed to northern customs."

Channel 13's signal, which has only been on the air for the past nine months, has one million subscribers in Argentina and is also watched in Bolivia, Paraguay, Uruguay, and Ecuador.

To face this new challenge, the two stations will increase their international programs.

Channel 7, which carries sports programs, newscasts, a morning talk-show, and some special programs, will add programs specifically for the international signal, including one on regional economy with experts from various countries.

It also plans to have a cultural information program carrying information on cultural activities in various cities of the zone.

The Universidad Catolica Television channel, which has a special newscast and educational programs, among others, will broadcast some programs at an international level.

This is the case with its environmental program "South of the World" [Al Sur Del Mundo] and its interviews program "Contact" [Contacto].

Chile's Megatrend To Submit to Socialist Party Proposal

PY1001002396 Santiago EL MERCURIO in Spanish 4 Jan 96 p C3

[FBIS Translated Text] Socialist Party [PS] Secretary General Gonzalo Martner has reported that the Megatrend (which groups the renewed socialists) will submit to the PS a long-term proposal incorporating the values of liberty and social justice.

He added that this proposal contemplates the idea that the PS should increase its capacity of congregating the organized social areas countrywide in order to intensify the socialists' work in labor unions, student organizations, and shantytowns. It also contemplates congregating or gathering the people, Martner said.

The Megatrend proposal was announced a few days before the meeting the PS will hold on 8 January to analyze, in detail, the reasons for the party's failure in the 10 December elections. The party will also establish the strategy to be adopted for the central committee's plenary session, which is scheduled for 10 January.

This has been interpreted as a clear rejection of the summons the Party for Democracy [PPD] president, Deputy Jorge Schaulsohn, made to Megatrend members who are willing to join the PS, and of its proposal seeking to create a new political party together with the other socialist factions.

Deputy Jose Antonio Viera-Gallo, who represents the Megatrend, added on 3 January to Martner's comments that this renewal can and should make great contributions to the PS.

Martner explained that the proposal's objective is to enable his party to carry out coherent work in the next decade in order to increase the political strength of the PS.

He pointed out that through this process, the Megatrend will stimulate the building of political bases for joint work with the PPD in the electoral field, as well as in other fields.

From the renewed socialists' point of view, the PS keeps its full historical force, as well as its projection, Martner asserted. He ran for reelection as PS secretary general, but was defeated by Edagrdo Condeza, from Concepcion, who was a member of the list headed by Camilo Escalona.

Martner explained that renewed movement does not support a swift merger with the PPD. Their political project is to construct a long-term project for the PS and thus seek the best understanding possible with the PPD.

Deputy Jose Antonio Viera-Gallo has explained: "I am not one of those who believe the renewal movement is concluded. There are still many challenges to face and they are related to the changes Chilean society is undergoing."

Viera-Gallo added that the Megatrend's main contribution must be the opportunity to meditate on medium-term projects, as well as on the challenges that the area will have to face this year and that will become a reality through the government's agenda.

The deputy believes that after Escalona's victory in the PS, it is indispensable to find a new balance within this party. He said he also believes the same thing should occur with regard to the PS-PPD, and that it will probably take some time. He pointed out, however, that the important thing is to take responsibility for the new reality that has taken shape within the PS. In other words, each member should assume his or her own responsibility.

Chilean Socialist Party To Vote Down Human Rights Bill

PY0501173496 Santiago EL MERCURIO in Spanish 4 Jan 96 p C2

[FBIS Translated Text] Gonzalo Martner, Socialist Party [PS] secretary general, confirmed on 3 January that notwithstanding President [Eduardo] Frei's call for political party support — particularly that of the Coalition of Parties for Democracy [CPPD] — PS congressmen will vote the Human Rights Bill down.

Martner stated that the PS insists that it will not change its position concerning the Human Rights Bill submitted by [Interior Minister Carlos] Figueroa and [National Renewal Senator Miguel] Otero. He said that for the PS, the search for truth and justice is an overriding consideration and "we consider the bill which has been reformulated by the president of the Republic and members of his administration is ineffective."

Martner contended that the Socialists have not changed their stance and oppose the bill in question despite current negotiations.

Moreover, the PS deems last year's long-drawn-out discussion exhausted the subject, adding that there is nothing left but vote.

The PS secretary general reiterated that the Socialists consider the legal norms included in the Figueroa-Otero Bill concerning human rights fail to achieve its objective. He added that given the fact that no new elements have been introduced, the PS will vote the bill down because "we will not budge from our position."

In reply to a question about whether this meant President Frei's call fell upon deaf ears within the PS, Martner said the head of state and his political team are aware of the PS rejection of that bill, adding that under no circumstances will the position be modified.

Martner pointed out that the PS stance will be recorded in Chile's political history as "we will not change our point of view on that issue because it is a very deep subject. We believe Chile's dignity is at stake and we are not going to compromise it."

Having notified the incumbent administration and the entire country that PS senators and deputies will oppose that subject, Martner stressed that his party will never forget that there are 1,000 detainees reported as missing.

He said: "President Frei is aware of it ... and I think he respects our viewpoint. Our firm perception is that the same holds good in the case of most Chileans. We will never forget the 1,000 disappearances!"

The PS secretary general said his party's decision to vote down the Human Rights Bill will not worsen the differences between the CPPD members over that issue because the Socialists believe the subject has been exhausted and will say so when Congress votes.

The PS refusal to approve the Humans Rights Bill submitted by the Frei administration gave rise to malaise and differences between the PS and the CPPD and tension with the Christian Democratic Party.

Following the decision of the PS political committee to oppose legislating on that subject, a serious crisis was unleashed between the incumbent administration and the PS, and a confrontation ensued between Foreign Minister Jose Miguel Insulza and his party chairman, Deputy Camilo Escalona [PS] because the former endorsed the executive's idea of legislating for human rights.

Martner argued yesterday that since the subject of human rights had been exhausted, the CPPD was going to start a new political cycle, in which the most important issues will be enhancing democracy and social justice in Chile while promoting growth and a more efficient state through the de-politicization of the public administration.

Martner, who belongs to the Socialist renewal faction, said reports of the victory of the New Left — the left wing of the PS — will not exacerbate differences and dissension within the ruling coalition as has been speculated.

The PS general secretary said that since the creation of the CPPD it has been said that one of the several political projects within that coalition will sooner or later cause antagonism.

Nevertheless, Martner asserted that all factions are committed to reconcile and bury those differences. Concluding, Marnter said the PS is full of optimism for 1996 adding that his party expects to turn it into a very productive year in which the moments of tension lived in 1995 will not be repeated.

Chilean Socialists View Communist Party's Announcements

PY0501164796 Santiago EL MERCURIO in Spanish 4 Jan 96 p C2

[FBIS Translated Text] The Megatrend [Megatendencia] and the Third Force [Tercerismo] factions of the Socialist Party [PS] have joined the criticisms against Gladys Marin, secretary general of the Communist Party [PC], who on 1 January asserted that this will be a year of great social demonstrations.

Senator Carlos Ominami (PS) termed Marin's comments "unfortunate" while Deputy Carlos Montes (PS) said social demonstrations are the result of concrete causes and not because a political party decides to stage them.

PS Under Secretary Hernan del Canto asserted, regarding the PC announcement, that his party upholds the workers' right to express their viewpoints. However, he asserted that if they do so through demonstrations they must be legitimate.

Del Canto said parties cannot influence social demonstrations with partisan interests nor encourage rallies for the sole purpose of promoting confrontations, more so even when living within the framework of a state of law in a democratic system. He ended by stating that dialogue and not confrontation should be promoted.

On Tuesday, 2, the Independent Democratic Union [UDI] and the Christian Democratic Party criticized the PC announcement by stating it was "quite negative." The UDI said these calls are "the quintessence of communism."

Senator Carlos Ominami asserted that he thinks the PC secretary general's comments are "very unfortunate." He said the country is facing the challenge of distributing wealth, among other pending issues, and that solutions cannot be sought through rallies and social demonstrations.

Deputy Carlos Montes, also of the PS, said that for some time now the PC has been organizing these demonstrations. He said that, as far as he could remember, since 1990 that party has been announcing huge social demonstrations. He said these demonstrations are the result of concrete causes and not because a political party decides to stage them.

Chilean Party Leader Urges Frei To Aid CPPD Leadership

PY1001005896 Santiago EL MERCURIO in Spanish 5 Jan 96 p C3

[FBIS Translated Text] Indirectly, Jorge Schaulsohn, Party for Democracy [PPD] president, has pressured the administration and the president of the Republic to become more involved and show more interest in the Coalition of Parties for Democracy [CPPD] this year.

As he pointed out this shortcoming, Schaulsohn said that the administration should play an important role in strengthening and establishing order in the coalition. Within such a context, he said, President Eduardo Frei should become more directly involved in the CPPD so that his moral authority and political influence can contribute to the better functioning of the CPPD.

His criticism affected the CPPD member parties because, in his belief, they have not played their role of providing political support to the administration. Even though he did not name it directly, his comments were aimed at the Socialist Party [PS], whose president, Deputy Camilo Escalona, was involved in 1995 in a long controversy in which the PS refused to discuss the human rights draft bill agreed upon between Interior Minister Carlos Figueroa and National Renewal [RN] Senator Miguel Otero.

Schaulsohn said that a government party should first count to 20 before closing the door in the face of the administration and rejecting an idea of the president of the Republic. However, Schaulsohn pointed out that when a party cannot reconcile its ethical, or ideological, or party principles, it has the perfect right to point out — respectfully and without disqualifying the administration and its representatives — a discrepancy that is absolutely legitimate.

Schaulsohn denied that by demanding the administration show greater political interest in the CPPD he was criticizing President Frei for not demonstrating political leadership. He said he meant, rather, that La Moneda should play a greater role before the CPPD in order to reach the maximum number of agreements possible with its parties, which are its political support base.

As he strongly criticized the CPPD member parties, Schaulsohn said that they should rise to the occasion and support the president of the Republic rather than oppose him. He was clearly referring to the PS, which rejected the idea of debating a possible agreement between the government and National Renewal.

As for the role of the president of the Republic in the CPPD, Schaulsohn insisted that he should become more directly involved in the coalition so that with his moral and public authority — which is very great, he said — he can help make the CPPD work better.

"He also represents the CPPD before the citizenry; therefore, he can play a very useful role," he maintained.

He also demanded that the coalition parties support the measures to modernize the country, pointing out that President Frei has the legitimate right of expecting the CPPD to support his initiatives. In turn, he said, the parties should politically support the administration and not criticize it, besides being understanding, committed, and supportive of the president.

"They must support the president of the Republic and not oppose him, and they must even be willing to postpone their interests, which could be very legitimate, if a certain bill is very important for the president of the Republic."

He added that being part of the administration implies certain sacrifices and also obligations. "It is not all pure rights," he said.

When asked whether he is either counseling the administration or questioning it, Schaulsohn denied that he is criticizing it, adding that he is just reflecting out loud.

The fact that he said that the parties should in certain cases sacrifice their own interests in favor of the administration is an observation meant for the PPD, DC [Christian Democracy], the PS, and the PRSD [Radical Socialist Democratic Party]. To clarify the situation, he considers it very positive that the CPPD members should discuss the meaning of being a government party.

Jorge Pizarro

Regarding the subject, Jorge Pizarro, first vice president of the Christian Democracy party, pointed out that the recommendation made by Schaulsohn of not closing the door in the face of the administration constitutes a good recommendation for himself, although it is logical that all parties assume such a position.

Chilean Public Works Minister Criticizes Politicians

PY1001223096 Santiago EL MERCURIO in Spanish 7 Jan 96 p C2

[FBIS Translated Text] Public Works Minister Ricardo Lagos said that the task of deciding how to relate political aspects with economic aspects is pending in the macroeconomic field. He also criticized the politicians for showing a "frivolous" attitude and for engaging in discussions over unimportant subjects.

Lagos said that after six years of a successful macroeconomic policy and a policy that allows for the participation of the citizenry, the Coalition of Parties for Democracy [CPPD] is taking a "good conduct exam" before the opposition that criticizes the way the country is being administered.

But, Lagos said, "we make a great mistake by not making the others come to the front of the classroom, and I believe that the subject of rightist populism should be tackled decisively."

He said that those politicians "expect better and more efficient public expenditures and lower taxes, and say that the solution is to privatize, but I never knew that private expenditures are financed if privatized. That is a greatly irresponsible attitude."

He added that, in addition to the pending issues in the macroeconomic field, "the huge task of tackling this type of cheap populism also lies ahead of us."

Lagos said that it is not possible that, in a government that has 58 percent of the votes, the figure with which President Eduardo Frei Ruiz-Tagle was elected, and a clear majority in Congress, "the finance minister has to negotiate the approval of the budget with the minority."

The public works minister said the CPPD members "should be able to make progress regarding the political reforms that are not abstract but rather concrete issues."

Therefore, Lagos asserted that there are pending tasks, not only in the economic field, "but also referring to how to relate economic issues with politics."

Lagos went on to say that "if we could raise these issues properly before public opinion, we could radically modify the frivolous attitude adopted sometimes by the political leaders who do not have substantive subjects to discuss. For what was envisioned as the Achilles heel of the transition process; that is, that we would be incapable of handling the economy due to social upheavals and the fact that economic affairs would be conducted in an irresponsible manner, has not materialized."

The minister reiterated that "I believe that this task belongs to the political leaders rather than to those who have been in charge of the macroeconomic tasks during these past six years. Therefore, let us hope that in the future the politicians may have the same level, maturity, and responsible attitude displayed this morning during the debate held by economists, members of the academy [not further specified], the public administration, and private sector."

Lagos addressed the closure of a seminar on macroeconomic policies organized by the Chile 21 Foundation, initiating a series of debates on the economy at the San Jorge Hall of the State Bank.

He said that Chile's success in the economic field "is, to a great degree, due to our participation in government policies. Had we not been members of the political alliance the CPPD represents, we would probably not have most of these figures."

Lagos said that as a result of the achievements in the macroeconomic field, there are issues still pending solution, such as indexation, when the price of a product is adjusted at a higher rate than the inflation rate, and an exchange rate that will revaluate the currency due to export and capital market policies.

Among the most "trying" or difficult issues to be solved in the next few years, according to Minister Lagos, and one that cannot be solved merely with macroeconomic policies, is the distribution of income according to duties and regions.

Lagos explained that the people have the feeling the economy is doing well, but there are regions that are still neglected.

Lagos also said that the subject of variations in productivity should be raised because if such variations are maintained, there will also be income variations.

The seminar was attended by economists of various public and private sectors as well as some legislators, such as Senator Carlos Ominami and Deputy Carlos Montes. According to Montes, those who attended the event "noted the importance of these policies. It is believed that we have contributed to developing them and keeping them consistent, which explains the achievements attained, but it was also noted that the macroeconomy should be watched carefully."

In this regard, there was consensus on the need to place more emphasis on labor issues, the promotion of production, and ways to control private expenditures that, to a certain degree, jeopardize overall development to the extent that there is not enough equity nor certainty that particular development factors can be safeguarded in the long term.

Regarding public and private expenditures, Lagos himself stated that this issue should be assessed more carefully and in a more sophisticated manner and "not be a factor, because we are not, nor have we been, irresponsible spenders of public resources. Proof of this are our macro figures, but this does not mean it constitutes a pending subject."

He said that something similar occurs in the case of investments, and mentioned as an example the fact that the trend of 30 years ago has changed, with private investment in Chile now totaling 70-75 percent and public investment 25-30 percent. This is quite opposite to what had been the case in earlier years. He said that private investments are determined by the market rules, while public investments are determined by "important" political decisions.

Lagos said that if there are not the necessary tools to define the need to reduce private expenditures when excessive, and if the only tool left is the classical policy of restricting public expenditures, this latter resource can be used to implement policies that, from the viewpoint of the reduction of income, are inequitable.

Regarding labor issues, he quoted economist Manuel Marfan by stating that one must know how to continue growing with restricted labor. "If production grows 5 to 6 percent, and labor by 2 percent, how can the expansion of productivity be distributed?"

Chile Discusses Bilateral Negotiations With Canada

PY1001000896 Santiago ESTRATEGIA in Spanish 8 Jan 96 p 38

[FBIS Translated Text] Political scientists claim the greater the geographic distance between two countries, the easier it is for them to reach agreement. If this were so, our desire to reach a commercial agreement with Canada would be relatively easy; after all, we are at the two extremes of the American continent.

Negotiations will begin on 23 January after a delay (since they were initially scheduled for 15 January) due to prior international commitments by the Canadians. The two technical teams that a few weeks ago were ready to negotiate Chile's membership of NAFTA will meet in Santiago for three days.

Juan Gabriel Valdes, chief of the Chilean negotiating team, said the objective of this first meeting will be to define the structure of the agreement. While this negotiation involves getting closer to NAFTA, it will not fully discuss NAFTA. Valdes said: "We conceive this as a temporary, bilateral agreement that will help the main negotiations with the three NAFTA countries."

[ESTRATEGIA] Is there a deadline for concluding this negotiation?

[Valdes] No, and much less for making announcements. We do not intend wasting time, naturally, but we also do not intend to modify the negotiating process which has a discussion mechanism that must be meditated and decided by the appropriate authorities.

[ESTRATEGIA] Will the agreement become effective once the negotiation is over and the agreement is signed, independent of what happens with NAFTA?

[Valdes] Yes. Negotiations with NAFTA will last two, three, or four more years. This agreement will remain valid and will have concrete effects.

[ESTRATEGIA] What is the main advantage of a bilateral agreement with Canada?

[Valdes] Beyond the economic, trade, and investment aspects, the main issue is that Chile will begin to apply some NAFTA disciplines domestically, which is important.

What will be negotiated?

For the past few days the Chilean team has been preparing the details of the proposal for the agreement with Canada. Valdes said the subjects to be included include a reduction of customs tariffs, norms of origin, customs procedures, investments, some services, safeguards, and a system to resolve disputes.

Among the subjects that will not be discussed are intellectual property rights, government purchases, and those that "for reasons of negotiating strategy and for their importance must be negotiated with the three NAFTA partners." Valdes said these subjects will imply modifications to Chilean laws.

He added: "We are establishing in advance some of the benefits of NAFTA."

He said the most important point is to reduce Canadian customs tariffs, especially on value-added products which in some cases reach 30 percent, and to consolidate on a permanent basis the benefits of some Chilean products through the GSP (for example chemical products, ceramics, wooden products, and gelatins). Our tariffs must also be reduced on capital goods imported from Canada.

Regarding the norms of origin, we hope to ease some of the norms established by NAFTA. As for the solution of conflicts, we will respect what is established in Chapters XIX and XX of the treaty.

Juan Gabriel Valdes thinks that, on the subject of investments, it is important to encourage the creation of joint ventures, especially middle-sized and small companies in which the transfer of technology would be a great contribution. He said his group is working with Conupia [United National Confederation of Small Industries & Crafts] and Sercotec [Technical Cooperation Service] to analyze the impact of this agreement product by product.

[ESTRATEGIA] Will the negotiation include labor and environmental aspects?

[Valdes] That subject must be analyzed. We have no problem discussing it, but we believe they constitute part of NAFTA and therefore we want to negotiate it with the three countries.

How will it be negotiated?

The subjects will be handled in three groups: Access to the market; investments and some services; and solutions to disputes and safeguards.

The idea is to hold one meeting per month, alternately in each country. Considering the weather factor, however, it is expected the first meetings will take place in Santiago. The Canadian team is headed by Keith Christie who heads the negotiations for our access to NAFTA.

Today Valdes will meet with Production Development Corporation President Jose Antonio Guzman and with NAFTA Business Coordinator Andres Concha, to coordinate the participation of the private sector. So far they have used the "nearby room" system. During these negotiations businessmen were in a nearby room so they could be consulted at any moment.

A similar meeting will be held later with the CUT [United Workers Confederation].

A meeting may be held this month among the United States, Canada, Mexico, and Chile. When it was decided that this bilateral agreement would be negotiated, the Clinton administration asked that contacts among the four countries continue being held during 1996. Valdes said: "We are waiting for USTR officials to return to work."

Dispute Over European Observatory in Chile Settled

PY1101134696 Madrid EFE in Spanish
1836 GMT 9 Jan 96

[FBIS Translated Text] Santiago, 9 Jan (EFE) — The dispute over the construction of the European Southern Observatory (ESO) in Chile has practically been overcome after the owners of the land where the observatory with the largest telescope in the world will be built decided to withdraw its claim.

According to judicial sources, this is the last step that opens the way for the final installation of the telescope in northern Chile after a long controversy that led to a conflict of political, economic, legal, and diplomatic interests.

The largest telescope in the world will be installed on the hill of Cerro Paranal, 140 km south of Antofagasta and 1,250 km from Santiago, in the northern Chilean desert where the sky is considered the clearest, with a "record" of more than 300 clear nights.

As a result of the claim filed over the property and the labor conflicts, the works on Cerro Paranal that started two years ago were stopped twice on court orders.

The withdrawal of the claim by the inheritors of Admiral Juan Jose Latorre, a hero of the 1979 Pacific War, who claimed a property of 735 km in Cerro Paranal was made before Supreme Court Secretary Carlos Meneses.

The project is financed by Germany, France, Belgium, The Netherlands, Italy, Denmark, Sweden, and Switzerland, which are the eight countries involved in the ESO project with an investment of $570 million.

The land under dispute was donated by the Chilean state in 1988 but the Latorre family was claiming $33 million for it.

According to the agreement, the Latorre family will get an indemnization of $6.7 million from the Chilean Treasury.

Chile's PS Renewal Faction Rejects PPD Invitation

PY1101210396 Santiago EL MERCURIO in Spanish
9 Jan 96 p C2

[FBIS Translated Excerpt] The so-called Megatrend has reasserted the importance and prevalence of the Renewal Faction as a political and cultural trend within Chilean socialism, adding that the process is still incomplete.

Moreover, as of March the Megatrend faction will be reestablished through the incorporation of renewal groups from other trends, particularly the third-party trend, headed by Ricardo Solari and German Correa. Senator Jaime Gazmuri said: "The Renewal Faction does not have a monopoly within the Megatrend Faction."

Gazmuri explained that during an assessment meeting yesterday, which he headed, the renewal socialists criticized the weaknesses of their political activities over the past few years. They added that to a large extent this is why the faction was defeated in the internal elections on 10 December.

Moreover, the faction decided that the board will be established based on the proportion of the votes obtained during the internal party elections, namely, one third of the Central Committee. It also appointed Senator Ricardo Nunez as one of the three vice presidents and Gonzalo Martner as either an under secretary or another position.

The group also appointed four faction members to the political commission. They are: Juan Bustos; Senators Jaime Gazmuri and Carlos Ominami; and Deputy Jaime Estevez, president of the Chamber of Deputies.

The group rejected the invitation of Jorge Schaulsohn, PPD [Party for Democracy] president, to join the PPD in view of the victory of socialist orthodox faction headed by Camilo Escalona in the 10 December elections.

Ominami explained that the plan to reestablish the renewal faction through the incorporation of renewal groups from other trends was widely supported.

He said that to reestablish this trend signifies bringing in new groups, admitting that the work carried out by the renewal faction has been insufficient, and that it is necessary to group people who today are active in other party trends.

He reasserted that the PS [Socialist Party] is the right framework in which to develop this work; and, that, consequently, no member of the renewal faction is willing to adopt an individual stance or to leave the party.

Answering a question, Ominami stated that this means the Renewal Faction is rejecting the invitation extended by Schaulsohn to join the PPD, but that it does not mean that they should not work to establish a great political force. He said: "The issue of the presidential option is very important. Therefore, for the next few years, we want to create presidential options within the CPPD [Coalition of Parties for Democracy] so that a consensus may be achieved before presenting it to the people." [passage omitted]

Chilean Judge: Court Not Responsible for Finding Missing

PY1101182296 Santiago EL MERCURIO in Spanish 10 Jan 96 p C9

[FBIS Translated Excerpt] Supreme Court Chairman Servando Jordan Lopez said yesterday that the judicial branch has absolutely no responsibility in the unsuccessful task of trying to locate the remains of the missing "because judges are not detectives and if they don't have the cooperation of the police, especially to find the truth about their whereabouts, they are just lost in a desert."

He added: "The judges order proceedings but if the results are negative what can you tell them."

In his first news conference after being appointed Supreme Court chairman, Justice Jordan announced that after the plenary session of the Supreme Court to be held on 19 January, the court will disclose its decision on the inapplicability claim presented by the defense of retired Major Carlos Alberto Herrera Jimenez, a former agent of the CNI [National Intelligence Center].

Herrera Jimenez was sentenced to ten years in prison on charges of unnecessary violence related to the death of driver Mario Fernandez Lopez of the PDC [Christian Democratic Party].

Last week, PDC Vice President Jorge Pizarro called on Jordan to comply with the current legal regulations for resolving the inapplicability claim case. Pizarro said that if this does not occur, a study will be made on an eventual constitutional accusation against the court members.

Pizarro added that it is very important that the Supreme Court make a decision on this case in order to have the accused, Herrera Jimenez and noncommissioned officer Armando Cabrera, be sent to the special prison in Punta Peuco as established by the law. [passage omitted]

Asked about the Amnesty Law, Jordan said that the decree implementing the law that went into effect in 1978 came from the government of the Armed Forces and that was almost 20 years ago. He added: "It is necessary to make quite clear that when there is a de facto situation in the country where institutionality was ruptured, one cannot expect that within that situation of rupture things be identical to a situation where a state of law fully prevails or that human beings be assessed in the same way under those different situations. In order to appreciate the situations that occur within a ruptured institutionality, one must appreciate it by putting oneself under the situation prevailing then."

He added: "This issue must be assessed with great tact by looking through the years."

Regarding the amendments being proposed on the Amnesty Law, Jordan said he could not form an opinion because this issue is the exclusive responsibility of Congress and also because he may eventually become the member of a high court dealing with a case involving this law.

Jordan recalled that when he was named special judge to investigate more than 100 missing cases, he did what was humanely possible to find out the truth about them, that is, their whereabouts.

Chilean Senate Urges Annullment of Laguna Ruling

PY1101202396 Santiago EL MERCURIO in Spanish 11 Jan 96 p C1

[FBIS Translated Excerpt] Valparaiso — In a preliminary report on an analysis of the decision of the Arbitration Court that ruled on the Laguna del Desierto conflict, the Senate Constitution, Legislation, Justice, and Rules Commission yesterday concluded that there are sufficient reasons to request the disqualification of Spanish expert geographer Pedro Mata Olmos, who conducted the demarcation work in Laguna del Desierto, because the competence of said expert "has no value."

This report, which was submitted for consideration by the Senate and which is only two pages long, triggered a heated debate in the afternoon. Seeing that the matter would be discussed without the presence of Foreign Minister Jose Miguel Insulza, Senator Andres Zaldivar (Christian Democratic Party) asked for a second session to discuss it. He thus postponed a vote on the report.

Senators of the right noted that the border markers would be established today, so the Senate decision should have been adopted yesterday, not next week. [passage omitted]

Chile's PS Faction Supports Proposal on Lagos Candidacy

PY1601180496 Santiago EL MERCURIO in Spanish 12 Jan 96 p C2

[FBIS Translated Excerpt] Gonzalo Martner (renewal faction) and Ricardo Solari (third party faction), vice presidents of the Socialist Party [PS], have expressed their full support for PS President Camilo Escalona's proposal stating that the PS should represent the progressive and modern left that will promote Ricardo Lagos' candidacy in 1999.

They also agreed with Escalona on the need to achieve a more equitable economic development.

Regarding Ricardo Lagos' attendance at the installation ceremony of the new PS leadership, during which former PS Secretary General Raul Ampuero was honored, Martner and Solari were of the belief that by his presence, Lagos was making an effort to achieve a rapprochement with the party.

Martner explained that the task ahead calls for strengthening the values of Chilean socialism; namely, "to achieve greater social justice and more freedom."

He added that Escalona's attendance reasserts the party's plans for the next few years and the political commitments adopted since its unification in 1990.

He added that the PS has a clear political commitment with the left and its political alliances consecrated within the CPPD [Coalition of Parties for Democracy], which seeks to represent workers and the neglected."

Martner added that the PS leadership and Escalona's proposal will help to successfully achieve President Frei's goals and to alternate power within the CPPD in the 1999 elections, "which we hope will be led by Ricardo Lagos." [passage omitted]

Chilean Police 'Positively' Evaluate Antinarcotics Work

PY0501163396 Santiago EL MERCURIO in Spanish 31 Dec 95 p C4

[FBIS Translated Excerpt] Almost one year after the promulgation of the law that punishes illegal drug trafficking and consumption, as well as the laundering of money resulting from these crimes, the police positively evaluated their enforcement operations in 1995.

Lieutenant Colonel Rodrigo Retamal, head of Carabineros OS-7 Department, pointed out that due to the preventive and informative work conducted by the Carabineros department, the people organized themselves to fight the potential risk of drug trafficking and consumption. As a result, large amounts of drug have been seized and groups of drug traffickers arrested.

All benzodiazepines (flumitrazepan, diazepan, lorazepan, etc...) were included in April in the list of substances controlled by the new law on drugs. Therefore, the amount of these drugs being sold on the street has decreased.

The Carabineros OS-7 Department has prevented 92,885,314 doses of marijuana; 1,328,308 doses of cocaine base; 80,601 doses of cocaine; 18,108 doses of medicines; and 102 doses of LSD from reaching the consumer market.

In the First Region alone, Carabineros have seized 1.2 tonnes of drugs.

Within the framework of this year's preventive drug enforcement efforts, society has cooperated more than in previous years in fighting the potential risk of drug trafficking and consumption. Another relevant thing has been the creation of the drug phone service in April (level 135), which increased the amount of calls (77,282) to report data on drug selling and distribution posts.

The new law, published in the official gazette on 30 January, supplies the tools required by the various government organizations — among them the police and the judicial branch — with regard to policies for drug prevention and control, as well as drug consumers' punishment and/or rehabilitation.

This law adapts penalties already contemplated in current legislation for processing, and illegal planting and sale of narcotics, in addition to establishing penalties for the deviation of chemicals and other substances used for drug processing.

It grants the police organizations the authority to use modern investigation techniques and introduces norms to benefit those involved in these crimes who cooperate in arresting traffickers.

Among these norms are the use of disguised agents who infiltrate drug-trafficking organizations, and the immediate seizure of assets resulting from these activities without having to wait for the Government Defense Council to intervene. The law also formalizes the "effective cooperation" mechanism, which allows a reduction of the sentences for people who supply information to the police.

The drug problem this year underwent important modifications and the trends of trafficking and consumption changed very much. This is reflected in the number of arrested people and seized drugs, which yielded a positive balance.

Compared to 1994, seizure of cocaine chloride increased by 87 percent. Seizure of cocaine paste increased by 138 percent and the number of people arrested in possession of these two types of drugs increased by 47 percent.

The number of arrests in connection with marijuana decreased by 8 percent compared to 1994, but the amount of marijuana seized increased by 39 percent. This is attributed to the control strategy by Carabineros, which sought to arrest traffickers instead of consumers. The success of the so-called Summer-95 program, which was supported by helicopters of the air police prefecture, must be added to this balance. It resulted in the detection of more marijuana plantations in the central region than in the traditional marijuana-planting areas.

The number of people arrested in connection with illegal use of medicines decreased by 31 percent compared to 1994, and the amount of medicines seized also decreased by 85 percent. This shows the supervising institutions increased their control because they have been supported by better laws to regulate the legal sale of said medicines in drug stores and hospitals. [passage omitted]

Colombia

Colombian Conservative Party Asks Minister To Resign

PA2601000796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2100 GMT 25 Jan 96

[From the "Up to the Minute Caracol Newscast"]

[FBIS Translated Text] A political controversy has been unleashed by the Conservative Party's request to its fellow party members to withdraw from the government of President Ernesto Samper. The transportation, labor, and foreign trade ministers are studying the decision by their party, and in a few hours will decide whether to resign or stay in the administration.

The Conservative Party's decision also involves the deputy transportation minister and the directors of the community roads agencies, ICA [Colombian Agricultural-Livestock Institute], Sena [National Apprenticeship Service], and General Ports Superintendency.

Congress President Julio Cesar Guerra said the decision worsens the country's political situation. There is total silence in government circles regarding the situation that has arisen.

Colombian Party Leader Withdraws Support for Samper

PA2601035096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The highest-ranking regional chief of the Conservative Party in Colombia, Fabio Valencia Cossio, told President Ernesto Samper, in a letter, that the president can no longer count on his political support and has asked all Conservative Party members with high-level positions in government to resign because according to Valencia Cossio, what is going on now is an internal power struggle among Liberals.

[Begin Valencia Cossio recording] The division among Liberals and the struggle for power among Gavirists and Samperists is leading the country to a fratricidal division. That is why the Conservative Party must remain as an alternative so that Colombians do not lose the possibility of finding our nationality again. My decision was based on responsibility to the nation's unity and to my party's unity. [end recording]

Colombia's Conservative Party Leader Views Crisis

PA2501170596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 Jan 96

[Telephone interview with Conservative Party President Jaime Arias Ramirez by news director Dario Arizmendi and reporter Edgar Artunduaga; from "Caracol's 0600 to 0900" newscast; place not given — live]

[FBIS Translated Text] [Arizmendi] At Caracol, we have been consulting the position of the country's leaders over the past few hours as to the president's proposal to carry out a referendum to ratify or overturn his term. Dr. Jaime Arias Ramirez, president of the National Conservative Party Directorate, what is your opinion about this initiative?

[Arias] Dario, I believe that the referendum should be considered and analyzed by Congress next week when it is summoned. It has certain advantages — it is not a mechanism that is traumatic — but it also has disadvantages. The first is the one mentioned by Dr. Lopez [not further identified], which is the possibility of deeply dividing the country; the second one, it could be a process to stall for time; and the third, it has logistical difficulties and costs.

Anyway, I think Congress will have to study this, and obviously it is a constitutional and institutional way out of the crisis.

[Arizmendi] Despite the circumstances, the repercussions, and the negative consequences that you mention, do you personally favor this mechanism now?

[Arias] No, Dario. In fact, even at the National Directorate meeting, I said that I did not favor this. Obviously, the National Directorate's declaration leaves this open as one of the possibilities for the country to consider. I mostly favor the clear way, which the Constitution specifies and which I believe is what will happen eventually. It is that the prosecutor complete Dr. Botero's questioning, send the evidence to Congress, which is the only constitutional way, and then have not just a simple political debate as has been mentioned up to now, but a true political trial on President Samper's campaign. Hopefully this would be a trial that would end up in the Senate with a decision that would put an end to all this crisis.

[Arizmendi] Is this a corrupt government, elected with drug trafficking money, as Dr. Andres Pastrana asserted here in Caracol a few moments ago?

[Arias] I have said all along that if Dr. Samper's campaign — and everything indicates that this is so — received drug trafficking money, Dr. Samper's and Vice President Dr. Humberto De la Calle's credentials would become invalidated. This is a point of great controversy that I have had with Dr. Andres Pastrana for several months. Today I want to reaffirm that position. If one of them won with drug trafficking money, it means that the other also won with drug trafficking money.

I cannot understand the logic or train of thought of Dr. Andres Pastrana and other national leaders of wanting Dr. De la Calle to replace Dr. Samper, if both are the target of the same accusation: that their campaign won the elections thanks to drug trafficking money.

[Artunduaga] Dr. Pastrana asks for the resignation of Conservative Party ministers, he asks for the resignation of Conservative Party ambassadors, he asks for the resignation of the president of the Republic because he is corrupt and because he was elected in a campaign that used drug trafficking money. How can one explain, what assumptions have you made, Dr. Jaime Arias, about Dr. Pastrana's insistence of practically imposing Dr. Humberto De la Calle as a successor in the event Dr. Samper resigns?

[Arias] Let's see. I want to first of all tell you, Edgar, that Dr. Andres Pastrana is a conservative, he was the party's candidate, but now he is leader of the New Democratic Force [NFD], and I am speaking here as president of the National Conservative Party Directory. This is the first difference that needs to be established. Dr. Andres Pastrana has been speaking on the need for the ministers to leave and that unfairly places me — I want to strongly reject this affirmation by Dr. Pastrana — as if I were a collaborator.

You know at Caracol that [words indistinct] that the party should remain outside government to be able to act independently. But that is one position. Something else is that serenely, calmly, efforts are made to destroy institutions that have a serene and non- sectarian language. [sentence as heard] The problem is that right now some old political sectarism is reemerging, and I do not want to act that way. I believe that the country is too much on edge to stoke the fire even further. It seems to me that the party should remain outside the government.

[Arizmendi] What do you make of Dr. Andres Pastrana's request that Ambassador De la Calle assume the presidency and yet does not ask for his resignation, as he asks other ambassadors to do?

[Arias] The National Conservative Party Directorate reached a unanimous position regarding this point. I want to stress this, because I want to keep the Conservative Party united. In order to achieve this unity, of course, there was a need to conciliate the directorate's final declaration. Dr. Fabio Valencia had a position that he defended and that I respect, even though I do not share it, and other sectors of the party had a different position. In the end, a final declaration emerged that was unanimous, and this is a very important point. I do not know if Dr. Pastrana now seeks to divide the party. The directorate has unanimously said that if Dr. Samper leaves office because it is proven that his campaign had drug trafficking money, Dr. De la Calle must also leave. This, therefore, is the official position of the national directorate.

[Arizmendi] Is not the Conservative Party now divided from Andres Pastrana and Noemi Sanin?

[Arias] I repeat to you, Dario, that Dr. Andres Pastrana right now is NFD director.

[Arizmendi] And Noemi?

[Arias] Noemi has never surfaced within the party's organization — both are conservatives, both are very respectable. They have their own points of view regarding Dr. De la Calle's case, and we have other points of view. Let us not forget that behind all this there is also a political motive and that this moves around Dr. Cesar Gaviria. Both Dr. Andres Pastrana, as well as Dr. Noemi, are very close to Dr. Cesar Gaviria's circle. Therefore, behind all this, there are also clear political interests.

[Arizmendi] You, of course, do not care for Dr. Andres Pastrana, but do you care for Dr. Noemi?

[Arias] No, no, no. This is not a matter of liking one or the other. In fact, I even voted for Dr. Andres Pastrana and have remained neutral on this topic. Right now, I am simply defending my party, which is my task as president of the national directorate. If I have differences with them I must very clearly mention them. Just as many times I agree with the statements or positions either one takes or makes, right now I have to act first of all with much serenity, second, thinking of the country, and third, defending an institution of which I am president.

[Artunduaga] Dr. Jaime Arias, president of the National Conservative directorate, many thanks for being on Caracol this morning.

Colombia's Conservative Party Leader on Resignations

PA2601002196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2106 GMT 25 Jan 96

[Telephone interview with Conservative National Directorate President Jaime Arias Ramirez by Caracol News Director Dario Arizmendi, in Santa Fe de Bogota — live]

[FBIS Translated Text] [Arizmendi] The Conservative Party ordered this afternoon, all its upper-level officials in the Samper government to leave their positions. This includes Foreign Trade Minister Luis Alfredo Ramos Botero and Transportation Minister Juan Gomez Martinez, as well as directors and managers of decentralized institutions, deputy ministers, and ambassadors. Those officials occupy their positions due to an institutional agreement reached between President Samper and the Conservative National Directorate. Dr. Jaime Arias, we know that Juan Gomez Martinez has decided to heed the political order given by your directorate. What will Dr. Luis Alfredo Ramos Botero do? Have you talked to him?

[Arias] Dario, I really have very few ties with the government now and seldom talk to the ministers. Furthermore, Dr. Ramos has clearly stated since the start that, although he is a good conservative, he obtained this post due to his business ties. The labor minister has said the same. So, the ones that remain are only the transportation minister, officials in a few institutions, which you, at Caracol, have already mentioned, and three or four ambassadors that belong to the Conservative Party.

I would like to clarify, Dario, that the directorate's decision — it has been called the hard line of the directorate — was made this morning, not this afternoon. I was very pleased to hear in Caracol that Dr. Fabio Valencia, whom we were unable to contact this morning, has also — he sent a letter to the president — asked that the ministers be removed.

For the past seven months, I, together with Drs. Omar Yepes Alzate, Alvaro Villegas, Cornelio Reyes, Rafael Perez Martinez, Amauri Garcia, and other members of the directorate, have been insisting that the best thing for democracy, the government itself, and, of course, for the Conservative Party, was to withdraw. This withdrawal now comes too late. But, at least there is a unanimous position.

[Arizmendi] Why have you, who have favored the withdrawal of the conservative officials from government for the past seven months, not asked the person, who is said to be your protege, to withdraw from the SENA [National Apprenticeship Service] administration?

[Arias] I have asked him, Dario. Not only that, but I asked the president to remove him as well. The SENA director sent his resignation letter a few months ago, but the president has still not answered it. I have been very clear about my views. The first thing I did when I decided to take this position — you know this, Dario, because I expressed it through Caracol — was to address the president to ask him to remove the SENA director, and I did the same with the SENA director.

[Arizmendi] Perhaps, with your cooperation, Dr. Arias Ramirez, we will be able to draw up the list of the Conservative Party members who occupy high-level positions in the government? At least, the ones you recall. We know that the ambassador to New Zealand is Dr. Ramiro Valencia Cossio, who was recently sworn in. What other embassies are occupied by conservatives?

[Arias] Let's see, Dario. The embassy in Africa, in the Ivory Coast, is occupied by Dr. Maria Eugenia Correa. The embassy in Argentina is held by Dr. Victor G. Ricardo. Perhaps, there is also an embassy in eastern Europe that I do not recall. Those are the ambassadors who are Conservative Party members. Well, also Dr. Pancho Posada [Francisco Posada De La Pena] who resigned yesterday.

[Arizmendi] Did Dr. Pancho Posada know how the ball was bouncing?

[Arias] I do not know because the truth is that we have not contacted government officials.

[Arizmendi] Could you give me the list of conservative deputy ministers you recall?

[Arias] Dario, I think there are three or four conservative deputy ministers. Most of them did not get their positions through the directorate. Many of them are there because of personal ties. That is why I do not even remember their names. The officials are the ones you mentioned a few minutes ago.

[Arizmendi] Do you not think the directorate's decision will complicate things further for the country's institutional and democratic stability?

[Arias] Yes, Dario. I really think things are starting to get more complicated for the government of the president. However, at the same time — as the directorate stated two or three days ago — we trust that through the institutions, that is to say, through the mechanisms established in the Constitution, we can get a good solution for the country. Which are those institutions? Fundamentally, I think the only thing that can be done is that the Prosecutor's Office expedites Dr. Botero's deposition and prepares the assessment to be sent to the Congress of the Republic. The Congress, as I told you this morning, should promote not a simple political debate but a political trial on the government's responsibilities and President Samper's campaign.

[Arizmendi] Is there not another solution in addition to the proposals made by other sectors? That the president of the Republic publicly renounce his immunity, as he can indeed do, so that the case can be automatically transferred — even going over the Congress — to the Supreme Court of Justice and that this court be the one to take charge of the case?

[Arias] Evidently, if the president renounces his immunity, the court could take the president's case. However, the president decided not to do this last year and opted for the path of the Congress, which is the regular course established in the Constitution.

[Arizmendi] However, this would be an expeditious path if he should decide to take it?

[Arias] The Congress? I believe....

[Arizmendi, interrupting] No, the course of the Supreme Court.

[Arias] This is a very long course. Truthfully, when the court takes on a case, well, it takes several months. I believe that the congressional course is the most expeditious path at this time. It also has one advantage, Dario — in addition to the fact that the president wants it — and that is that it would allow the political trial to be public. Of course, the summary reserve would have to be respected but it would then be a public debate. The president himself has been requesting this for the past two months, and I have been doing so too. I repeat, it would not be a simple debate but rather a political trial that ends up in some conclusion. The conclusions could be, first, that the president is innocent; second, that Congress declares that the president's case has to go to a criminal court; or finally, that he be declared guilty.

[Arizmendi] Dr. Arias, do you not think the current position assumed by a group of conservatives is opportunistic? They accompanied the president from the start, when he was sworn in as president of the Colombians, but they are fleeing now that they see the ship is sinking and there is a moment of crisis?

[Arias] It is a totally belated position. When I proposed it — you do recall this — I did so based on principles. I believed then, as I do now, that Colombia should have a party in the government and one in opposition, as an alternative. However, I was defeated by the Parliamentary Council; it had the majority. Thus, I agree that the Conservative Party has taken this position belatedly. Unfortunately, it was not until now — as we reported through Caracol — that we managed to have a unanimous stance in the entire directorate.

[Arizmendi] Does the not directorate's decision have to be confirmed by the Parliamentary Council? Will the Council be summoned next week?

[Arias] We are going to summon the Council, but I also want to announce to the country, through Caracol, that if the Parliamentary Council defeats us again, the National Conservative Directorate will maintain its position. I, however, trust that the party's parliamentarians will understand that it is not convenient for the Conservative Party or the country that they remain in the government. I hope this time they will not defeat me again.

[Arizmendi] These were the views of National Conservative Directorate President Jaime Arias Ramirez.

Colombian Trade, Transport Ministers Resign

PA2601003096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2342 GMT 25 Jan 96

[FBIS Translated Excerpt] This is last minute news. Caracol Radio has just confirmed that Foreign Trade Minister Luis Alfredo Ramos Botero decided to heed the instructions from the Conservative Party National Directorate and personally tendered his resignation to President Ernesto Samper Pizano. [passagse omitted]

Although he joined the Samper cabinet on 27 December 1995 in a personal and technical capacity, after holding the required consultations with Conservative Party leaders, Luis Alfredo Ramos decided to resign, heeding the Directorate's instruction. In sum, two ministers are stepping down, namely, Transportation Minister Juan Gomez Martinez, in compliance with the decision by his political leader Fabio Valencia Cossio, and Luis Alfredo Ramos Botero. Conservatives Orlando Obregon in the Labor Ministry and Rodrigo Marin in the Development Ministry are remaining in their posts. [passage omitted]

In an exclusive statement to Caracol Radio this afternoon, Interior Minister Horacio Serpa Uribe said that the resigning officials will be immediately replaced. The new appointment decrees are expected to be issued tomorrow, and the appointees will also take office tomorrow.

Colombian Trade, Transport Ministers on Resignations

PA2601032796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The group led by Senator Fabio Valencia Cossio, leader of the Conservative National Directorate, withdrew support for President Ernesto Samper today, 25 January. Consequently, Transportation Minister Juan Gomez Martinez resigned from his post. Foreign Trade Minister Luis Alfredo Ramos also resigned a few minutes ago.

[Begin Gomez recording] In keeping with my party's position, I have to resign from the post the president invited me to occupy. [end recording]

With these words the transportation minister, who resigned today, made it clear that he is retiring from the government because of party discipline and not because he no longer believes the president.

[Begin Gomez recording] I will continue to support the president anywhere I am. I continue to support President Samper. [end recording]

Juan Gomez Martinez was emphatic when he spoke about the crisis. As for Former Defense Minister Fernando Botero, he said:

[Begin Gomez recording] The only conclusion is that Fernando Botero told a lie, and he who tells a lie is a liar, and it is difficult to believe liars. [end recording]

Other conservatives have said they will not heed the call made by Valencia Cossio, including the labor and development ministers.

We also have the statement made by Foreign Trade Minister Luis Alfredo Ramos, who has just resigned.

[Begin recording] [Reporter Juan Carlos Mateus] Why did you resign?

[Ramos] In view of the position adopted by the Conservative Party, in view of the withdrawal of the support given to the Conservative ministers, I had no other option but to resign.

[Mateus] You said you had come here on a personal basis. Why are you leaving, then?

[Ramos] I came on a personal basis and I am leaving on a personal basis, because I did not ask permission to accept the post and I am not asking permission to resign either. I am doing it because it was my own decision, bearing in mind the political positions that have been established in the country.

[Mateus] What do you think about President Samper? Is he guilty or not?

[Ramos] I am not the person to judge him. The proper authorities will be the ones to judge him. I am a fervent defender of the right to a defense, which all citizens must have, including the president of the Republic. [end recording]

Colombian Envoys to Argentina, Venezuela Resign

PA2601034196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jan 96

[Report by Maria Cristina Uribe; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Colombian Ambassador to Argentina Victor G. Ricardo resigned from his post today. Thus far, four diplomats have resigned from their posts due to the presence of drug-related money in the Samper presidential campaign.

Ricardo, who is in Colombia, presented his letter of resignation to the president this afternoon, stating that his loyalty to his convictions prevents him from remaning in his diplomatic post.

Meanwhile, it was learned that Colombian Ambassador to Venezuela Francisco Posada de la Pena has also presented his resignation. In his letter, he indicates that, without a doubt, the Samper campaign did receive money from the Cali Cartel.

It was also learned that other Colombian ambassadors are planning to submit their resignations, including Colombian Ambassador to New Zealand Ramiro Valencia Cossio. Ambassador Valencia Cossio will be resigning at the request of his brother Fabio Valencia Cossio, who today withdrew his support from the Samper administration.

Colombian Envoy to Netherlands Resigns

PA2601054496 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 26 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] The wave of resignations in high-level government positions continues, even by nonconservatives. The Colombian ambassador to the Netherlands and the Low Countries is leaving. We are talking about former Attorney General Carlos Gustavo Arrieta.

In his resignation, Arrieta said his decision was not due to political issues but moral convictions.

I feel a deep contradiction between my personal convictions reflected in the positions I used to assume in drug trafficking matters and the continuous reports that are coming out today in the sense that a massive infiltration of illegal money may have entered the 1994 presidential campaign, Arrieta said. He believes support for the justice system is the last hope for the current situation, otherwise the country would have to travel a long and painful road, which would wear out the national image even more.

Colombia's Samper Interviewed on 'Credibility'

PA2601053596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 26 Jan 96

[Interview with President Ernesto Samper by Maria Isabel Rueda at the Narino Palace in Santa Fe de Bogota on 25 January; from the "QAP News" newscast — recorded]

[FBIS Translated Text] [Rueda] This is a very special night, as the whole country is following your statements. I could begin by warning you that I will not ask you if you knew or not. This discussion has already taken place, and the country has already taken sides. Surveys.... [pauses] Botero gave his version of the events, and you gave yours, and surveys show that more or less 64 percent of those questioned believe Botero. In addition, they believe you must resign by that same proportion. I believe these figures show you have lost credibility. Does the legitimacy to govern not depend on credibility?

[Samper] Not necessarily. I believe the credibility of governments — and perhaps you have an understandable obsession with this matter — is not directly related to a single event or a single chain of events. Credibility is linked to economic performance and social performance. Every government suffers an erosion and mine is no exception. I have been slipping, as all presidents have, because I have been making government decisions such as the ones being reported. For that reason, I think it is a mistake to base the whole analysis exclusively on those events no matter what they may be.

[Rueda] The problem, President Samper, is that you have not just lost credibility among Colombians, among the governed; you have also lost credibility among your own officials. In the past 24 hours, we have seen a flurry of resignations. Ambassadors in key posts with regard to the country's problems, such as the ambassador to Venezuela, have quit. There are unconfirmed reports that our ambassador to the United States feels ill at ease. Conservatives are pulling out of the government. Don't you feel alone, interpreting that word to mean the loss of political support.

[Samper] You mention those leaving but not the ones staying. Because of three or four ambassadors who are leaving for highly understandable political reasons — and who do not belong to my party — one cannot judge the behavior of the entire Colombian diplomatic service. I am working with my 15 ministers. I have received a very significant gesture of solidarity from them. There are many people who have their hopes pinned on the government's program. It is perhaps that hope that bothers some people who would like to see a collapse because of the political withdrawals from the government.

[Rueda] You told Colombians last night that you have weighed the possibilities of overcoming this crisis, beginning with the proposals by your opponents. Does that not mean that although you have not made the decision, you have considered the possibility of resigning?

[Samper] Certainly. I have considered it and have ruled it out. Look, Maria Isabel, I would be the only person who would benefit from my resignation. I have had to bear a cross I did not deserve. I have been enduring my disgrace, that of my family, attacks, slanders, offenses. I have been enduring the accusations unjustly leveled at the country that this is a narcocountry. I have accepted it. It would be very easy for me to throw in the towel and go home and live in peace. Do people really believe that would be the end of our problems? Someone else can come in and will find the same problems I have found and the same difficulties in handling them.

[Rueda] Does this mean, Dr. Samper, that you are only giving the country two options at this time: you or the end?

[Samper] No, there could be another option, but, if it manages to replace me, it would be very close to the end. What I mean is that this is not a problem of names. The country has many problems and needs. It is a great country but its problems are so compelling that even presidents are overwhelmed. This can happen to anyone. What I mean is that this is the main alternative.

[Rueda] Dr. Samper, you also stated before the television cameras last night that you will not quit because it would be a cowardly action. However, there are Colombians who believe it is more cowardly to subject the country to this deteriorating process, which has lasted so many months, entire months, so that you can solve a problem of a personal nature.

[Samper] Ana Isabel, that is very naive. Do you think I invented the drug trafficking problem? That I invented the guerrillas? That the guerrillas emerged on 7 August?

That the economic issues or the poverty problems in this country started when I arrived? It is very simplistic to think that our only problems are the judicial reports. They are very important but what about the people? They do not only want to hear about Case 8000. The people want to hear about jobs, employment, education for their children, values.

[Rueda] About government. We are getting to the point that I wanted to reach. Regardless of whether the judicial decision totally exonerates you or declares you guilty, will you quit if you feel, at a given moment, that you cannot govern?

[Samper] If I feel that I cannot govern with the program I promised to the Colombians, well, I will simply realize that I can do nothing more.

[Rueda] Let us talk about the United States. It has been leaked that the U.S. State Department believes that Colombia cannot get a certification with you as president. Will you let Colombia lose its certification just so you do not lose your post?

[Samper] I am willing to subject Colombia to its own judgment. I will not accept that the judgment on Colombia will be made abroad. I believe the country can show that it has had spectacular results in its struggle against drug trafficking. No government in the world has done so much in so little time to fight drug trafficking. Is it not true that the Cali cartel is in jail? Is it not true that we have destroyed half the hectares of illegal crops planted in our territory? Have we not passed the most rigorous money laundering law in the world? Those are the facts we can show to the world — independently from the certificates — that prove that we do have a clear determination to struggle against drug trafficking. Those facts are sometimes more important in countries that are much more practical than ours, such as the United States.

[Rueda] What do you believe Venezuela thinks when our own ambassador resigns because of this?

[Samper] What they think in any democracy. Who says that the withdrawal of an opposition party from a government signifies a crisis in the system. What it signifies is a government crisis that has to be resolved with another management formula. This is exactly what I will start to do tomorrow. I will design another government formula. The Conservative Party has resolved that a few of their spokesman — because we have many in the government — should or could withdraw because it does not agree with the government or with the way we are handling the situation. It does not have the responsibility for the government. My party and I are the ones who have it. If they withdraw, I will accept it. It is proper in any democracy for the opposition to distance itself from the government. It is the most logical position.

[Rueda] Let us talk about the referendum, which was your premier proposal last night. This morning, key figures from various national sectors, including former President Lopez Michelsen, the prosecutor general, the attorney general, and representatives of the labor unions themselves, argued that this process is too dangerous for the country. Will you [words indistinct], in spite of those voices of caution?

[Samper] I have spoken to the prosecutor general and former President Lopez about these concerns. Certainly, as I said last night, the referendum is not to divide, but to unite Colombians. The referendum is not designed to inflict deeper wounds, but to help them heal. However, I believe we should not be afraid of people's opinions.

[Rueda] The problem has nothing to do with being afraid of people's opinions. The problem is that the referendum leaves room for manipulation. Your interior minister is already telling everyone that the question will be whether the people are willing to support a government that promotes social programs. Do you not believe that this proposition might trigger a class struggle in Colombia?

[Samper] Let us make a clarification here. The referendum only has one objective. I believe its value lies in demonstrating to Colombians that I am willing to go to the limit to fulfill the mandate vested in me by the voters on 7 August 1994. If, regardless of all the people who are against me — I mean the ones outside my government — those voters, the same ones who elected me renew my mandate, I would feel quite at ease to continue governing the country. However, this has certainly been misinterpreted as though I want to pull a fast one [salto de carambola] on the judicial process, and this is not the case.

[Rueda] What would happen if the referendum and the judicial decision yield conflicting results? Which one would you comply with?

[Samper] If the referendum turns out against me...

[Rueda, interrupting] Let us assume that the referendum supports your administration, but a judicial decision declares you guilty or it rules that an investigation on your conduct should be resumed.

[Samper] This would be a very unlikely case. However, assuming this scenario, I would certainly assume the legal consequences over the political results.

[Rueda] Why then, do you want to hold a referendum?

[Samper] The referendum seeks to politically endorse the will of the government.

[Rueda] What guarantees would the opposition have in light of this referendum? Who do you believe constitutes the opposition at this point, who is leading it?

[Samper] I would love to know that. I have opponents, but I have no opposition. This is my personal tragedy. I am faced with a crisis, as I have faced six or seven of them — this is only another one — but I have no one to sit down with to build a government, a program, or to seek a solution. The reason for this is that here, in Colombia, my government unfortunately has many opponents, but it has no actual opposition.

[Rueda] You will be the reason for the referendum, as well as the person convening it. In other words, you will manage this referendum with all the mechanisms the state offers for this purpose, including the Police, the Army, and the control of the media. What guarantees do Colombians have that you will manage the state resources properly, considering that your political career would be at stake in this referendum?

[Samper] It is up to you, the media, to provide the guarantees. It is your duty to supervise the process, oversee it, and monitor its course. I believe this task is in your hands.

[Rueda] In your case, the referendum would be used to determine if Colombians want you to continue in office. Have you considered that the referendum may become an instrument for future governments to use for many sorts of things? For instance, a president who has felt very happy for four years may be able to stay four more years. In that way, judicial rulings can be overruled henceforth in the country.

[Samper] The referendum is not something I concocted. It is contained in the Constitution and the Law on the Development of Citizen Participation. I did not concoct it. I do think that sometimes when the people in the country feel there is confusion, it is not a bad idea to bring them to reality and find out what it is they [words indistinct].

[Rueda] Some have said you may use the referendum to get around justice?

[Samper] That is totally false, because I am the person most interested in the progress of the judicial process. I wish it would advance promptly so that people would find out the truth of my actions. The proceedings will bring about a judicial action. The referendum would produce a decision of a political nature on the government, not on me.

[Rueda] Assuming you are innocent and are considering the possibility of your resignation, it would not be the first time in the history of the country that an innocent president resigns to defend himself. We have the case of Marco Fidel Suarez. Never in the history of Colombia has there been a more innocent man than he, and yet he resigned to defend himself. Have you not considered the possibility of writing the second volume on the dreams of Luciano Pulgar [reference to a book written by Suarez]?

[Samper] That has not crossed my mind, since I am not good at writing memoirs. I prefer to writer government reports.

[Rueda] The people have the impression that innocent men can withdraw from government, whereas evildoers become entrenched in the state.

[Samper] You are giving me an excellent reason to stay on. If I am innocent, I better stay so that the government is not left in the hands of evildoers.

[Rueda] One last question. Do you trust Vice President Humberto de la Calle?

[Samper] First, my relations with him are good. He was elected on the same ticket I ran on, with the same votes, the same campaign, and, for better or worse, that puts us into a marriage, which, as any good marriage, is indissoluble.

[Rueda] Thank you, Mr. President.

Colombia's Samper on Resignations of Ministers

PA2601050196 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2356 GMT 25 Jan 96

[Report by Gilberto Alvardo on "text" of a statement issued by Colombian President Ernesto Samper Pizano in Narino Palace, Santa Fe de Bogota on 25 Jan]

[FBIS Translated Text] The resignations of some representatives of the Conservative Party who had been accompanying me in the government in different public posts in a loyal and efficient manner became official today. I understand perfectly well the motives that, in line with instructions from their party, prompted them to make this decision.

Samper added: I will continue seeking by all means a system of government that ensures coexistance among all citizens, regardless of their political affiliation, representing the country's regions and always taking into consideration the criteria of honesty and hard work.

The president in his statement notes: We will continue working with all those who want to accompany us in the task of moving ahead and improving the living standards of Colombia's neediest citizens. Here ends the statement President Samper released.

Colombian President Appoints New Health Minister

PA2501120696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 25 Jan 96

[From the "Seven O'clock Newscast" — passages within quotation marks recorded]

[FBIS Translated Text] At the same time that Augusto Galan Sarmiento tendered his resignation as health minister, President Ernesto Samper Pizano appointed Maria Teresa Forero de Saade to replace Galan Sarmiento. Mrs. Forero de Saade acknowledges her decision took courage.

Barely 24 hours after learning about her surprising and swift appointment, the new health minister said she accepted the post because she wholeheartedly believes in President Samper's innocence.

[Saade] "I have known the president for many years. I have faith in the president."

Maria Teresa Forero de Saade stated also that she is not concerned about the problems she may find in the ministry or how long she may last in this post.

[Saade] "I think all ministers know when they will start working but not when they will leave. What is most important, and this is something that I apply to my personal life, is to believe that every day is the last day."

The new health minister will take office on Friday.

Colombian Interior Minister on Samper, Party Position

PA2501150196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 Jan 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Everybody in the country knows that Interior Minister Horacio Serpa is President Ernesto Samper's right hand in the handling of political affairs. We all know of Serpa's battles in defense of the Samper administration. The country knows that Serpa is a tenacious man, a man who faces conflict. What are Interior Minister Serpa's views on the current situation in the country and President Samper's speech after meeting with members of the National Liberal Directorate [DLN], after discussing with his fellow party members the political crisis the country is going through? Fabio Callejas has the report.

[Callejas] Minister Serpa Uribe has said he is confident about the country's immediate future. We interviewed him right after his meeting with the members of the DLN, which ended at midnight, on matters that concern all Colombians. First of all, we asked him his opinion on President Samper's message, delivered on radio and television.

[Begin recording] [Serpa] Well, I view it as a proposal made by a serious president who is very much aware of national problems; who is worried about the current situation; and who is trying to overcome the crisis within institutional channels.

[Callejas] Do you think Colombians will be satisfied with what the president said in his speech?

[Serpa] I believe that Colombians should realize that the president is on top of the situation, that he is trying to find the best solution, and that he is considering the most viable and practical procedures at this time. In his speech the president showed great concern for the country, great confidence in the fulfillment of his presidential duties, and great faith in Colombia.

[Callejas] What is the government's reaction to the statement made by business organizations who have said that undoubtedly the government has become weak?

[Serpa] We do not believe it. Moreover, in his speech the president fully replied to that statement.

[Unidentified female reporter] What topics did you discuss at the Directorate's meeting?

[Serpa] We discussed the whole situation, the party and the government's responsibilities, recent developments in various spheres of our national life. I explained the government's position. It was a satisfactory meeting, during which various opinions were expressed.

[Callejas] Will the Liberal Party [PL] support the government?

[Serpa] Yes, definitely.

[Female reporter] Were any decisions made?

[Serpa] No. The PL is a party in which members can have different positions. There are various opinions, which are not all coincidental, similar, or unanimous. This, nonetheless, reflects the essence of Colombian liberalism, which allows different criteria. As I said, there is freedom of opinion. In general, however, the party has closed ranks around the president of the Republic.

[Callejas] What procedures will be followed after the president's announcement that the government will study the possibility of calling a referendum?

[Serpa] We will review this possibility to determine if it is feasible under the current circusmtances.

[Female reporter] Will the president consult former heads of state?

[Serpa] Who?

[Female reporter] Former Colombian presidents.

[Serpa] President Samper has been consulting many people and various national groups, but I am not sure if they are among them. Of course, former presidents are very composed, wise, and knowledgeable persons. [end recording]

Colombian Interior Minister 'Willing To Resign'

PA2501203796 Santa Fe de Bogota Inravision Television Canal A Network in 1730 GMT 25 Jan 96

[Report by Marisol Beira; from the "Colombia 12:30" newscast]

[FBIS Translated Text] As "Colombia 12:30" had announced, Interior Minister Horacio Serpa Uribe called a special news conference today to try to defend the political solutions that are left for President Ernesto Samper.

Minister Serpa Uribe even said he would be willing to resign to defend the president. Serpa's loyalty to the president is such that a few minutes ago he said that he does not rule out the possibility of resigning his post to prepare the ground for the referendum called by the president.

[Begin recording] [Serpa] Frankly, it sounds possible.

[Unidentified reporter] It sounds possible, Minister Serpa?

[Serpa] It seems to be an attractive formula. If the referendum is held as we expect, we would be trying to obtain from all sectors popular support for the government program. [end recording]

According to sources from Narino Palace, Carlos Holmes Trujillo, Colombian ambassador to the OAS in Washington, who was summoned yesterday by President Samper, is reportedly Serpa's possible successor in the Interior Ministry.

Colombian Interior Minister Views Resignations

PA2601025896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2117 GMT 25 Jan 96

[Telephone interview with Interior Minister Horacio Serpa Uribe by news director Dario Arizmendi and unidentified reporter in Santa Fe de Bogota — live]

[FBIS Translated Text] [Arizmendi] Good afternoon, Interior Minister Horacio Serpa Uribe.

[Serpa] Good afternoon, Dario.

[Arizmendi] What is the government's reaction to this decision by members of the Conservative Party?

[Serpa] Actually, we are not surprised. We had seen this coming for a while, since the latest ministerial changes. At the meetings we held with the Conservative Party National Directorate, it was somewhat agreed that those taking office would do so without an official representation. At the cabinet meeting that was held immediately after the development of the current political crisis on Monday, President Samper suggested to all the ministers the possibility of — without any shame — stating their decision to either stay or resign from their posts. In the wake of the recent events, I was not particularly surprised.

[Arizmendi] How did the president react when [words indistinct] Fabio Valencia Cossio told him last night that he would speak formally to the National Directorate?

[Serpa] I do not want to comment on this. We had already seen this coming and had made....

[Arizmendi, interrupting] Plans.

[Serpa, chuckling] Yes. We had our plans already.

[Arizmendi] What does your chuckle imply? What is behind it?

[Serpa] No [laughing], there is no particular reason. What I want to clarify is that this circumstance has neither taken us by surprise nor will it overwhelm us in any manner. For quite some time, I have maintained that in order to be part of a government, one must be willing to participate in its actions, and one must be fully committed. Therefore, I believe that the fact that some people have decided to resign from their posts is consistent with the nature of politics.

[Arizmendi] Do you believe that [Transportation Minister] Juan Gomez Martinez was not committed enough?

[Serpa] He was obviously committed. However, in light of the new situation, people change their minds.

[Arizmendi] What position will Foreign Trade Minister Luis Alfredo Ramos, who has been in his post for less than a month, adopt?

[Serpa] I have not received any news on this yet.

[Arizmendi] What will the government do? Will it replace these officials with others from the same group that are willing to participate in the government, but do not agree with the Directorate's views, or will it seek people from other political, liberal, or social groups?

[Serpa] What I want to make clear is that the officials who have submitted their resignations will be replaced immediately. It will be up to the president to choose the new officials and their party affiliation, but no government position will be left vacant. In addition to dealing with current difficulties, we are responsible for leading the country. Colombians can rest assured that, under no circumstances, will the administration be left in midair. The president and his ministers will always be at the helm of our responsibilities.

[Arizmendi] In other words, if the two Conservative ministers — Gomez Martinez and Luis Alfredo Ramos, and the four deputy ministers, the four ambassadors, and the directors of the institutes submit their formal resignations between today and tomorrow, will they be replaced within 24 hours?

[Serpa] They will be replaced immediately. They will be replaced by honest, responsible, and very representative persons. These persons will assume the duties of their predecessors with the same capacity and uprightness.

[Arizmendi] Just as it happened with the health minister?

[Serpa] Obviously.

[Arizmendi] Is there a candidate ready for the Transportation Ministry?

[Serpa] [laughs] I am telling you, Dario, that is the president's prerogative. I have no say.

[Arizmendi] But you are his political adviser.

[Serpa] I am his friend and fellow worker, of course.

[Arizmendi] The government believes the withdrawal of the Conservative Party does not endanger the democratic stability of the institutions?

[Serpa] The current circumstances have produced certain consequences. We are firmly facing these consequences and we hope we will have the opportunity to adopt the proposals made by the president recently. Special sessions of Congress will be convened starting on Tuesday, 30 January. Did you know that we are already working on the referendum?

[Arizmendi] Could we assume the president will exclusively rule the country with Liberal sectors, perhaps with the labor groups led by Orlando Obregon, and the Alliance for Colombia Movement, and the rest of the ministries being assigned to Liberals?

[Serpa] There is an evident Liberal majority. It would not be the first time it occurs, but on this occasion I have no doubts that representatives of the Alliance for Colombia will participate, as you said. Political and social groups that have commitments with the government and with the social development plan being adopted by President Samper may also participate.

[Reporter] Do you believe that in this situation, in this political crisis, the government is being isolated? Is the government feeling this way?

[Serpa] On the contrary, my desk has no more room for papers sent to me by people showing their solidarity, their support. I am currently in my office with very important political leaders that are members of the Alliance for Colombia. They are important political and social leaders who have come to offer their support for the government of President Samper. That is very relative. There are people who have resigned. That is a very respectable, a very political attitude. It is part of the development of public activity, but public activity cannot be stopped, and this government will not stop carrying out its duties.

[Arizmendi] We have the feeling that the representatives of the Alliance for Colombia may be strengthened with the resolution of the crisis.

[Serpa] That is a good opinion.

[Reporter] How many [words indistinct] do you have on your desk, minister?

[Serpa] A few. There are many names in people's heads.

[Arizmendi] Oh, in the people's heads. Why do you not mention the names of these people?

[Serpa] [laughs] No, no.

[Arizmendi] Is your head hot or cool?

[Serpa] I have peace of mind.

[Arizmendi] We notice that in your attitude.

[Serpa] As Unamuno said: You must maintain a cool head and a warm heart.

[Arizmendi] The special sessions in Congress starting on 30 January could call for a political hearing of the president, as he asked for?

[Serpa] It is a political hearing. It seems this is a very important hearing. We have to review in the light of day and before the country all the things having to do with the crisis. The government is not running away from anyone or from its responsibilities. That is why, among other things, we have thought about a referendum, with which certain sectors disagree because the people are seldom taken into consideration. We like to do things before everyone's eyes.

[Arizmendi] It is being said that if the referendum is approved by the Senate, you could become the campaign

[Esguerra] I would not go so far as to say that. It would not pressure them in the future. In my opinion, the risk is not that the president puts pressure on his judges but that there could be a clash, a virtual clash, between two different spheres. One is a political sphere representing the people's views and the other is a jurisdictional sphere, in which the duties that belong to judges are exercised.

[Ospina] Let us sum it up. You do not agree with the referendum.

[Esguerra] I think that is clear from my previous answers. [end recording]

Colombian Military Commanders Meet on National Crisis

PA2501202896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 25 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] The military leadership met throughout this morning at the Defense Ministry. Some generals discussed the country's situation.

The Armed Forces generals have abstained from issuing any statement in support or not of President Ernesto Samper.

Today General Manuel Jose Bonnet, director of the Superior Military Academy [Escuela Superior de Guerra], said he will not act as anyone's arbiter or join any political ring or mob in this political crisis.

[Begin Bonnet recording] We back the constitutional regime of Colombia and, if President Samper represents it at this moment, we are here because this is the duty society has marked for us. We are no one's arbiter. Do not pressure us into becoming arbiters: We will not give you that gratification. [end recording]

Regarding the popular consultation and possibility of a military coup, Bonnet said:

[Begin Bonnet recording] Last night, the president himself said he would resort to a popular consultation. We expect that the solution will be bloodless, without problems, and that the country may soon continue on. A coup d'etat means suicide for society and for ourselves. [end recording]

General Bonnet cautioned the guerrillas and whoever may want to take advantage of the situation, that the Armed Forces will not permit this.

[Begin Bonnet recording] This is a political situation. There is a struggle for power, and I do not think there is wood for fire, as the saying goes, that is, the people do not want and have never wanted violence or confrontation. [end recording]

Colombian Court Head on Samper's Referendum Proposal

PA2501170096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 Jan 96

[Telephone interview with Jose Gregorio Hernandez, president of the Constitutional Court, place not given, by Dario Arizmendi and an unidentified reporter in the network's studios in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] During a radio and television speech last night, President Ernesto Samper proposed the possibility of holding a referendum the results of which would either legitimize or revoke his term. We have established communication with Constitutional Court President Jose Gregorio Hernandez. Good morning, Dr. Hernandez.

[Hernandez] Good morning, Dario.

[Arizmendi] From a legal viewpoint, would the court have to endorse the referendum if the Senate approves the chief of state's proposal, as the Constitution requires, if President Ernesto Samper makes his proposal official?

[Hernandez] According to Article 241 of the Constitution, the Constitutional Court is responsible for safeguarding the integrity and supremacy of the Constitution; therefore, this dictum makes the Court responsible for deciding whether a referendum is feasible.

[Arizmendi] This responsibility has to do with the essence of the matter or with the form in which procedures must be handled.

[Hernandez] The referendum issue demands an analysis of both essence and form, because the Constitution makes no distinction. The court believes it would have to advise on both aspects; thus, I can pass no judgment or opinion on this matter, because the issue can be taken to court.

[Arizmendi] How is such a referendum feasible?

[Hernandez] The Constitution speaks of matters of national importance. The Constitution does not mention any specific cases. I do not want to speak on this issue, because the court will suitably inform on this matter through rulings, once this issue or any other issue for which it is strictly responsible is presented to the court.

[Arizmendi] Of course. We understand, but from a didactic point of view, to illustrate to our listeners, Dr. Hernandez, could the government or Congress, in this case the Senate, present one or several issues for the consideration of the people in a referendum?

[Hernandez] Statutory laws on participation mechanisms clearly state that referendums can be held only if the people are to be asked a very specific question that can be answered with a yes or a no; this is the basis of this norm, so several questions can be asked as long as the answers can be very specific.

[Arizmendi] The Colombian people elected their leaders for a four-year period. Is it correct to resort to a referendum to sanction such a term?

[Hernandez] Excuse me for not answering that question for the reason I explained earlier; that is, the Constitutional Court may be called to rule on the issue. Anything I may say would imply prejudgment.

[Arizmendi] Are there precedents on similar proposals, when the Supreme Court of Justice existed?

[Hernandez] Participation mechanisms such as the referendum were created very recently. Prior to the 1991 Constitution, popular referendums were legally established at the municipal level. The 1991 Constitution established other forms of consulting the people: the referendum, the plebiscite, the popular consultation, and the revoking of terms. All these mechanisms enhance the people's possibilities to express themselves directly through any of these means to state their will on something.

[Arizmendi] No other court can handle this issue or state a position on the legal viability of the initiative?

[Hernandez] According to Article 241 of the Constitution, the Constitutional Court is responsible for doing this.

[Reporter] What would be the consequences of a ruling, in either direction, by the Constitutional Court?

[Hernandez] This ruling, as all other Constitutional Court rulings, would be definitive and would have to be obeyed by all Colombians, given it would make the issue a former adjudication.

[Arizmendi] Let's suppose that as the president said last night, the initiative is proposed to the Senate after the Experts Commission analyzes its feasibility, that the Senate approves it, that the referendum initiative can be presented in three or four weeks, and that the Senate passes the initiative. It then would automatically go to the Constitutional Court. Does the Constitutional Court have guidelines for deciding on the feasibility or not of the initiative?

[Hernandez] Of course. The rules established in Decree 2067 of 1991 apply. The court based on those rules would have to definitely decide on the viability of the consultation.

[Arizmendi] How much time does Decree 2067 grant for doing this?

[Hernandez] Thirty days for presenting the case, after the attorney general presents his opinion. The Constitutional Court has to rule in no more than 60 days after that.

[Arizmendi] How many Colombians would have to state their views for the consultation to be valid?

[Hernandez] Excuse me for not answering this question, because this remark is one of the points that would be debated before the court based on norms that are in effect and that must be implemented.

[Reporter] Considering the country's situation, could the Constitutional Court speed up its proceedings?

[Hernandez] Normally, the court tries to rule on cases as quickly as possible so as to give legal certitude to constitutional issues, and, obviously, the court would normally treat this proceeding as any other. The Constitutional Court would try to rule as soon as possible in line with constitutional norms, and the decision would be announced immediately.

Colombian Council Opposes Commission Investigation

PA2601061196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 26 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] The National Electoral Council is opposed to one of President Ernesto Samper's announcements.

Today the National Electoral Council rejected Samper's proposal to create an ad hoc commission to investigate the accounts of his election campaign. According to Magistrate Oscar Jimenez Leal, the investigations are already being conducted.

[Begin Jimenez recording] We have been conducting a legal evaluation of the evidence since December. In the next few days, at the National Electoral Council, we will decide if the investigations are going to be opened or not. [end recording]

QAP News was able to establish that the National Electoral Council will open up a formal investigation of President Ernesto Samper and Vice President Humberto de la Calle in the next few days for having exceeded the money ceiling established by the law for the financing of the Samper for President campaign.

Colombian Government: Crisis Not Affecting Economy

PA2501230996 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 25 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] The government does not believe the political crisis is negatively affecting the country's economy in any way. This was reported by the development, foreign trade, and finance ministers, who met this morning. They indicated that the government does not believe that the fall in the stock market and the increase in the price of the dollar, registered in the past two days, have negatively affected the normal behavior of the economy.

[Begin Development Minister Rodrigo Marin Bernal recording] The assets market, as well as the stock market, show clear and sustained signs of normalcy. The transportation emergency will have an impact in several zones of the country and in the prices. [end recording]

According to the government, what has had an impact on the economy was the statement issued by the National Federation of Businessmen yesterday, on the necessity of the president of the Republic to resign.

[Begin Interior Minister Horacio Serpa recording] Their impressions are a bit cataclysmic, that is to say, they say the economy is going to plummet and so forth, but the economic indicators amply favor the government's work. [end recording]

Colombian 'Expert' on Possible U.S. Decertification

PA2501121196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 25 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The domestic crisis caused by the government of President Ernesto Samper has direct consequences in the way the world looks at us. Let us see.

[Begin recording] [Unidentified reporter] The most serious and harsh consequence is in fact related to the United States. The probability that the country will be decertified is greater than ever.

[Juan Tokatlan, expert on international politics] I would dare say we are drawing closer to a possible decertification on 1 March.

[Reporter] Decertification has negative effects for Colombian commerce, chiefly in the area of flower sales. It also has a negative effect on the military, since Colombia would not be able to obtain the smallest spare part for its Army. The United States would be forced to vote against any request by Colombia for an international loan. The most serious aspect could be the weakness of the Colombian Government to keep the United States from meddling in our affairs.

[Tokatlan] We must be more concerned about this possibility of an intervention, meddling, and unheard of internal activism by the United States in Colombia.

[Reporter] Trips abroad, like the one scheduled next month to Switzerland, to discuss the possibilities Colombia has to offer would be impossible, since President Ernesto Samper would not be able to leave the country in order to handle the crisis. The president will not be able to actively use the fact that Colombia heads the Nonaligned Movement [NAM] because of his own weakening before the NAM members and the United Nations. Perhaps the crisis will have its most harmful impact with regard to Venezuela and Nicaragua.

[Tokatlan] They could certaintly take advantage of Colombia's tremendous vulnerability and weakness to adopt tougher and more defiant stances. [end recording]

Colombian Union Decries Anti-Samper 'Conspiracy' by CIA

PA2601013096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2100 GMT 25 Jan 96

[From "Caracol's Quarter Hour" newscast]

[FBIS Translated Text] While some are stepping down, specifically some Conservative Party members who are heeding the order from their Directorate, support is coming from another source, from the National Confederation of Democratic Workers [CGTD] to be specific. In Medellin, [CGTD President] Mario de J. Valderrama has talked to Caracol Radio at the Jose Maria Cordoba International Airport in Rio Negro. He voiced the working class' full support for the government of President Ernesto Samper. Julio Betancur reports:

[Betancur] The CGTD Executive Committee has just released a statement on the national crisis that reads: Neither anarchy nor impunity nor opportunism. In this communique, it criticizes many prominent national figures, including Vice President Humberto de la Calle. At the same time, it mentions the possibility of a conspiracy to destabilize the country in which the DEA and the CIA are involved. Mario de J. Valderrama said:

[Begin recording] [Valderrama, in progress] ...the spearhead is called Humberto de la Calle, or putting it another way, this is something that is as clear as day. What they are seeking is the continuation of savage capitalism and servile neoliberalism with Gaviria's best student, Humberto de la Calle, at the helm.

[Betancur] At the end, you talked of a conspiracy and included the DEA, CIA and the Gaviria administration officials (?as heading) this conspiracy to [words indistinct] of the country.

[Valderrama] Sure, they impose their conditions on President Samper or they topple him. That is the plan of the conspirators. In addition, they want him to step on the accelerator with regard to the economic opening, internationalization of the economy, the sale of the country, or putting it another way, the state's resources must be sold. That is why they are after public enterprises, Ecopetrol [Colombian Petroleum Enterprise] and after all the elements of social security that the people of Colombia still have and which took them so many years to build. They obviously do not forgive Samper for putting the brakes on neoliberalism. [end recording]

[Betancur] Valderrama also decried shameful opportunism and noted that no Colombian with even low intelligence can be deceived by sinister figures such as Noemi Sanin, Gloria Pachano, Augusto Galan Sarmiento, who have hampered the government's actions — some of whom harbor presidential ambitions — and now try to preach on honesty, morals, and civility. The statement supports the president and also notes the importance of rallying around the president and waiting for justice to be served.

Colombian Businessmen Criticize Referendum Proposal

PA2601034096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The country's business groups today criticized President Ernesto Samper Pizano, not just because of his proposal for a referendum but also because of his speech last night.

[Begin recording] [Unidentified reporter] How did you view the president's address?

[William Fadul, president of the Union of Colombian Insurers] With much respect but a great deal of skepticism.

[Reporter] Why?

[Fadul] Because the political and moral crisis is growing, and I did not see a solution in the president's statement.

[Juan Maria Ospina, president of the Association of Colombian Farmers] We admire his tenacity to maintain his stance, but tenacity cannot become stubbornness.

[Alberto Vasquez, president of the Colombian Construction Board] The president must understand he has a personal problem. First of all, this deprives him of the capacity to govern the country. With the conflicts that are raging in the country, even a government that enjoys the full support of the country would have a hard time coping with them.

[Reporter] Do you think that the referendum is the solution.

[Fadul] I think the country is entitled to have the judicial process completed. Afterward, a referendum can be held.

[Ospina] You cannot solve a legal problem, which is currently at the fore, through a nonlegal method.

[Vasquez] Justice cannot be placed under the consideration of a referendum, because the outcome, whatever it may be, will be the result of judicial rulings and the proof submitted by the Office of the Prosecutor General, and some entity, be it the Supreme Court or the Accusations Committee, will take up the case again. [end recording]

Colombian TV Anchor Receives Threat, Leaves Country

PA2601035196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Reporter Jorge Ramos, who is the anchorman of the Univision newscast — one of the most popular in Latin America — was threatened and had to leave the country after his first interview with former Minister Botero, in which the latter made his confession. In a communique, the Univision Network reported that journalist Jorge Ramos, producer Patsy Lloyd, and cameraman Angel Matos quickly left the country today, because they had received death threats. They were escorted by Sijin [Metropolitan Judicial and Investigative Police] secret agents and boarded a flight to Miami at 1300.

Colombian Poll: Most Citizens Agree With Referendum

PA2601041896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Today, Colombians evaluated the controversial government proposal to determine whether President Ernesto Samper stays or leaves the Presidency through a referendum via a poll conducted for the "Seven O'Clock Newscast." Here are the results:

Today, the Napoleon Franco polling firm conducted a poll for the "Seven O'Clock Newscast" in Santa Fe de Bogota, Cali, Medellin, and Barranquilla. This poll was based on a sample of 879 people. In response to a question on whether one would agree that a referendum should be held for Colombians to decide whether Ernesto Samper stays or leaves the Presidency, the results were as follows: Bogota — 55.7 percent of those polled agreed, while 43 percent disagreed; Medellin — 53.7 percent agreed, while 40 percent disagreed; Cali — 58.6 percent agreed, while 37.7 percent disagreed; and Barranquilla — 62 percent agreed, whereas 35.2 percent disagreed. The total nationwide was as follows: 57 percent agreed with holding the referendum; 41 percent disagreed; and 2 percent did not know or refused to answer.

Of the 879 polled, 30 percent described themselves as liberals; 9 percent as conservatives; 1 percent as supporters of the M-19 [19 April Movement]; and 46 percent referred to themselves as nonpartisan.

Colombia: EL TIEMPO Comments on Botero's Statements

96SM0063A Santa Fe de Bogota EL TIEMPO in Spanish 24 Jan 96

[Editorial: "Cool Heads"; received via Internet]

[FBIS Translated Text] The crisis brought on by Doctor Fernando Botero Zea, ex-defense minister, has created an undeniable sense of uncertainty. In view of his assertions, it is worthwhile asking how much grief the country would have been spared if the statement made known to the entire public today had been divulged on the day that he resigned from his cabinet office and put himself in the hands of the justice system. We would have a clear picture. However, his remaining silent or lying opens up a series of questions that must be examined with calm and a sense of patriotism, to prevent irreversible damage. When spirits become calm, when opinions are analyzed, and when we come closer to the facts, it will be necessary to adopt positions that could prove painful or calming, depending on their results.

In this editorial column, a defense has been made, not for President Samper personally, but rather for the presidential institution, for legality. We have been fighting against the threat of a destabilization caused by those who want the president's head at any cost. When the truth is known, we shall not hesitate to assume a clear, direct position toward the issue; and, if necessary, to consider the possibility of the president stepping down. But starting to call for heads, with a haste more conducive to the attainment of personal and political victories than ensuring a clear view of what is happening in the country, is, at the least, senseless. As the days elapse, the public will come closer to the facts, because we can even now discern in what Mr. Botero Zea has said and written a series of contradictions, making it impossible to learn whether he told the truth when he was arrested, or did so only when he made the statements voiced on Monday.

The president denies what has been claimed by Botero Zea, and so does a person such as Foreign Minister Pardo, with substantial arguments. In fact, all these events, serious in themselves, perplex the mind. Hence, we are calling for calmness, peacefulness, and the appeasement of passions; and, particularly, for the abandonment of desires for revenge or personal victories, as well as political ambitions, on the part of those who think they might accrue dividends from the onset of a national disaster.

If it is necessary to call for resignations, this will be done. The readers of EL TIEMPO should have no doubt about that. But, for the present, it is fitting that there be an interval of reflection and analysis that will make it possible to clarify the situation and to calm spirits. There are days left for this, but no one should doubt that the time for decisions has arrived, and justice will be called upon to issue the final verdict. We must believe in this, and cooperate in it; and not only those who call themselves friends of the government, or its enemies, but all Colombians as well. During these dangerous times of anxiety, we must form a front of national unity so as to escape (based on law and order) the perilous situation being experienced by Colombia.

Colombian President Swears In 2 New Ministers

PA1201192696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 12 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper has already sworn in the new ministers of environment and justice. Jose Vicente Mogollon, who will liberalize the environmental policy as of today, stressed his intention of continuing the work started by former Environment Minister Cecilia Lopez. Later on, Carlos Medellin, the new justice minister, was sworn in. Medellin clarified to the reporters that he is quite aware that it will be difficult to dismantle the faceless justice system, but reiterated his intention of reviewing it. Medellin's attitude contrasts greatly with that of his predecessor Nestor Martinez Neira, who has already caused more than one flurry [roncha] inside and outside Colombia. Medellin stated that no Colombian national will be extradited.

President Samper has appointed four superministers, who will be responsible for ensuring the smooth development of government plans. Economy Superminister Antonio Hernandez Gamarra will act as a liaison between the president and his team in this area, that is, the ministers of finance, development, foreign trade, mines, and national planning. Political Superminister Felipe Zuleta will act as a public relations liaison between the president and the legislators, media, and society in general. Social Superminister Carlos Castillo will have a direct relationship with the ministers of labor, health, environment, education, and agriculture in the follow-up process of the programs designed by the government to assist the less privileged population.

Finally, Border Superminister Eduardo Villota will act as a liaison between the president and the ministers of foreign affairs and defense in the implementation of border policies linked to the population in this area, which has often been neglected.

Colombian President Attends Signing of Coexistence Pact

PA2301015696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 21 Jan 96

[Report by Juan Carlos Ossa from the "Cripton Newscast"]

[FBIS Translated Text] In Aguachica, in the southern part of Cesar Department, President Ernesto Samper has presided over a ceremony marking the signing of the coexistence pact, which will certainly be the preamble for regional talks with the guerrillas.

The coexistence pact represents the will of the people. This is the conclusion President Ernesto Samper Pizano and his cabinet have reached. In Aguachica, thousands of people are taking the path of peace to democratically eradicate all forms of violence that have affected this region, one of the most conflict-ridden areas in the country, for more than 30 years.

Despite the fact the government has not supported regional peace talks, the signing of this pact creates the correct atmosphere for the beginning of regional peace talks:

[Begin Samper recording] We would be making progress if the possibility of disarming opposing groups has resulted from this atmosphere and if the policy to humanize the war results in a decline in the intensity of violence. [end recording]

Economic aid, the construction of highways, and improvement in public services are the beginning of this project, which the national government terms the main guarantee to aid the most remote areas of Colombia.

Colombian General Unconcerned Over U.S. Visa Suspension

PA2601043096 Santa Fe de Bogota Inravision Television Canal A Network in Spanisn 0000 GMT 26 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] We talked today to the generals whose entry visas to the United States have allegedly been canceled. THE WASHINGTON POST mentioned Armed Forces Commander General Camilo Zuniga and 2d Army Commander Gen. Jesus Maria Vergara among the generals whose visas were refused. However, in Defense Ministry circles in Bogota, it was said that the four other generals without a visa are: Manuel Jose Bonnet, Rafael Hernandez Lopez, Eduardo Niebles, and former Intelligence Director Ivan Ramirez.

Several of them reacted angrily today and others expressed surprise.

[Begin recording] [Ramirez] I know the defense minister talked to the ambassador today, and he said there was nothing official.

[Reporter] Then, what is happening?

[Ramirez] I do not know. You have to ask those who grant the visas. [words indistinct]

[Niebles] I have no comment whatsoever.

[Zuniga] None of the officers who have been mentioned with regard to the suspension of visas has been officially notified of it. [end recording]

[Madrid EFE in Spanish at 2130 GMT on 25 January, in a Santa Fe de Bogota datelined item, reports that "General Hernando Camilo Zuniga Chaparro, commander of the Colombian Armed Forces, asserted today, that 'he could care less' about the alleged suspension of his U.S. entry visa and added that he knew nothing about the information published by THE WASHINGTON POST newspaper on the matter."

Colombia's EL TIEMPO Available on Internet 22 Jan

PA2001011196 Madrid EFE in Spanish 2133 GMT 19 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 19 Jan (EFE) — EL TIEMPO, the largest circulation newspaper in Colombia, announced today in the capital that as of 22 January it will be available on Internet, the worldwide computer network with more than 40 million users.

The electronic version of this newspaper heaquartered in the Colombian capital will contain the usual information carried by this liberal daily.

The service, which will constitute a source of information for Colombians residing abroad and for foreigners interested in Colombia, will initially be free, but will later operate on a subscription basis.

With its own network, EL TIEMPO will be on Internet through a server located in Miami.

Colombia: New DAS Director Profiled

96SM0056A Santa Fe de Bogota SEMANA in Spanish 16 Jan 96 p 54

[FBIS Translated Text] Despite his historical proximity to President Ernesto Samper, the news of Marco Tulio Gutierrez Morad's appointment as new director of the Administrative Department of Security (DAS), replacing Ramiro Bejarano, did not fail to cause surprise. After all, the image of this 45-year old attorney, with an extensive political career in both the Bogota Council and the Chamber of Representatives, is more that of an academic than of a criminal hunter. After having rejected the nomination as a candidate for the post of attorney general slightly over a year ago, with the excuse that he could not be prosecutor of a government that he had helped to elect, Gutierrez was thought by many to be satisfied with his provisional retirement in the 23rd Notary's Office of Bogota. However, there was a compelling reason for him to accept the offer of one of the most critical and difficult positions in the country: his friendship with Ernesto Samper.

Marco Tulio Gutierrez is one of the persons closest to the president's heart, to the point of having been a fundamental factor in the chief executive's political development. This occurred first during his term as a Bogota council member, when he became one of Samper Pizano's most active collaborators, and later in the House of Representatives, from which he waived promotion to the Senate in order to become debate chief of the Samper campaign in Bogota. Those who know him agree that, in an election as contentious as the last one, Marco Tulio Gutierrez was the architect of the Liberal victory in the capital.

But while the analysts' principal argument justifying his appointment to the DAS chief's position is that of a long-standing loyalty, Gutierrez has his own credentials for deserving the post. And they are the fact that Bejarano's successor has been an expert on the subject for a long time. Moreover, during his years in Congress, he had the opportunity to open a debate on security and intelligence that enabled him to become thoroughly familiar, as very few Congress members are, with the agency that he will begin directing within the next few weeks.

Although he himself admits that, in a country like Colombia, managing the State's security is a more than difficult task, his slogan is one of pursuing a single policy line and, devoid of any political scheming, continuing the work begun by his predecessor at the beginning of the Samper government. His immediate responsibility will be to put into practice the national intelligence system created by Ramiro Bejarano. Among other things, his aim will be to fight kidnapping to the final consequences: a challenge which, given the atrocity of the crime, Gutierrez himself has assumed as a personal obligation.

Colombia: Events Surrounding Santacruz Escape Viewed

96SM0056B Santa Fe de Bogota SEMANA in Spanish 16 Jan 96 pp 16-22

[FBIS Translated Text] "You all realize that, if one of those men manages to escape, I will be leaving, and all of you will leave too." This comment, made by President Ernesto Samper on the occasion of a high security mini-summit meeting held at Narino House on Tuesday, 11 July, of last year, reflected the chief executive's concern over the likelihood of a possible escape of any of the Cali cartel kingpins.

Samper's uncertainty was based on a series of intelligence reports submitted at that time by the national director of the Inpec [National Institute of Penitentiaries and Prisons], Colonel Norberto Pelaez Restrepo. In them, serious consideration was given to the possibility that one of the Cali kingpins captured as of that time might flee from La Picota and the Model prison in Bogota, or the Palmira penitentiary. Exactly six months after that meeting, the validity of the government's fears was fully confirmed with the escape of Jose Santacruz

Londono, the third member of the Cali cartel's command structure, from La Picota, last Thursday.

As usually happens in such cases, the story of the escape is one of a comedy of errors, almost all of which are attributable to corruption. At 0930 hours on Thursday, a faceless prosecutor, a representative from the Public Prosecutor's Office, a clerk, and the driver of the red Mitsubishi camper that had carried the judicial authorities arrived at the prison facilities. Those officials entered the prison to conduct a hearing which (according to sources queried by SEMANA) had been requested by Guillermo Villa Alzate, one of Santacruz Londono's attorneys.

The interrogation hearing lasted until 1125 hours, at which time the officials left the prison. The investigations are now being focused on the incidents that occurred after that time, because the only thing absolutely clear is that, after 1500 hours, when the prison authorities attempted to locate Santacruz, they did not find him in the La Picota facilities. That prison's maximum security block was considered one of the best in the country.

Colombian-Style

According to the testimony given by the members of the La Picota prison guard force, when Santacruz' judicial hearing ended, he was moved to his cell, marked with number 38 and located in corridor B of the prison's maximum security block. The guard with the surname Rodriguez, who was in charge of the surveillance and transfer of the inmate, told the investigators that, when the Cali cartel kingpin left the compartment in which the judicial hearing was being held with the prosecutors, he remarked that the interrogation had been suspended, and was to be resumed during the afternoon. Everything appears to indicate that, in making this comment, Santacruz Londono was putting the escape plan into effect.

According to the account given by another guard, at 1350 hours a dark blue Trooper camper with license plate numbers ending in 091 arrived at La Picota. At the first access gate, the vehicle's occupants said that they had come to carry out the second part of the Santacruz interrogation. The Inpec official contacted the commander of the guard force at the high security block, Private First Class Ricardo Meza Loaiza, who authorized the entry of the presumed officials. When they entered the parking space assigned to the faceless prosecutors, one of the visitors introduced himself as Jose Humberto Moreno, using as identification citizen's ID document No. 10,588,463, of Popayan. He also presented to the guards a card supposedly accrediting him as secretary of the judicial division of the Prosecutor General's Office. He indicated that those inside the vehicle were members of a committee of faceless prosecutors that was going to continue the questioning of the inmate Santacruz.

By authorizing the entry of the officials with the mere presentation of that card, the guard was negligent in the performance of his duties. According to information from high-level officials of the Inpec and Ministry of Justice, it had been agreed that, whenever the prosecutors had to enter the prison, a series of requirements had to be met: First, the only person authorized to show his face to the guard was the secretary of the Prosecutor General's Office. Second, that official had to submit a documented password that had been previously agreed upon between the regional directorate of prosecutors' offices, the Inpec directorate, and the prison directorate. And, third, one of the guards had to prepare a written report, recording the time of entry, the characteristics of the vehicle, and the license plate number. None of these measures were implemented, and the gates of La Picota were opened for the supposed vehicle from the Prosecutor General's Office. It is unclear whether this was due to the fact that, as usually occurs in Colombia, when these procedures became routine they had fallen into disuse some time ago, or whether they were violated in an unusual manner last Thursday. Another inexplicable point is that, according to the guards' account, Santacruz himself was the one who informed them that the hearing would be continued in the afternoon. This is something totally improper, because that notification was supposed to come from the Prosecutor General's Office or the prison directorate, but never from an inmate.

When the supposed judicial officials were ready to begin the extended interrogation, the block commander himself, Private First Class Meza Loaiza, went out looking for Santacruz, and led him to the compartment. When they arrived, the inmate took the microphone that enabled him to communicate with the prosecutors who were on the other side of the black glass, telling them: "My attorney is a few minutes late in arriving at the hearing. Don't worry; he is already on his way here in a taxi."

Then Meza left Santacruz alone in the compartment, the fake secretary of the Prosecutor General's Office locked the door to it, and the guard remained outside waiting for the supposed hearing to end. SEMANA was told by a source from the Ministry of Justice: "There is no evidence that the guard left Santacruz alone without his lawyer having arrived, because there was an express order to return the inmate to his cell until his attorney was present."

Scarcely 10 minutes after the alleged officials from the Prosecutor General's Office had arrived, the Trooper left the prison facilities. The car's departure did not arouse any suspicion among the rest of the guard personnel, because it had become customary for drivers from the Prosecutor General's Office to leave the prison in search of cigarettes and soft drinks, without meeting any security requirement imposed by the prison guard. The camper's departure was recorded in the guard force's log at exactly 1400 hours last Thursday, barely 10 minutes after the arrival of the supposed prosecutors' committee.

Santacruz' attorney never showed up, and time began elapsing. An hour and 40 minutes after the Camper's departure, Private First Class Justiniano Herrera, who was standing guard at the main gate of the high security block, informed the block commander that something strange was happening, because the judicial hearing was continuing behind closed doors with the prosecutors and without the attorney. Furthermore, the camper, which had left, presumably on a trip to obtain soft drinks and cigarettes, had not returned.

Ten minutes later, three guards approached the compartment and decided to knock on the door. There was no answer, although the blows were resounding. A few seconds later, the guards broke down the door and discovered that neither Santacruz nor the prosecutors were in the compartment. One of the black glass panels separating the inmate from the judicial officials had been dismantled, but the empty space left was not large enough for a person of Santacruz' size to pass through easily. According to their claim, they went looking for him in his cell, believing that there was some mistake, and that the hearing had already ended some time earlier. However, they did not find him. After an hour of intense searching throughout the entire prison, with all the alarms sounded at maximum volume, the La Picota authorities reached the conclusion that the cartel's most important member after the Rodriguez Orejuela brothers had escaped.

'There Comes the Wolf'

Like any escape that is respected in this country, that of Santacruz had to some extent been predicted at least six months earlier, when Colonel Pelaez submitted his report at the high security mini-summit at Narino House. In that document, the official gave a kind of X-ray, showing the weaknesses and strengths of each of the country's maximum security prison centers.

One of the prisons that came out looking the worst in that report was La Picota. The official warned about the fact that it had only one external security ring, for which the National Police were responsible. He also called attention to the withdrawal, at that time, of the Army units that had been keeping surveillance outside the prison. The colonel's warnings were heeded and attended to, but in "Colombian style." A high-ranking government official who has been associated with this entire process told SEMANA: "Quite often, you request 10 things and they end up giving you half that number."

However, since the rumors of an escape were continuing persistently, when the government ordered the internal shakeup in the middle of last year, it took into account the need for adopting measures to stiffen the penalties for crimes of escape and abetting escape. In the new regulations, the penalty for the latter was raised from only two years to between 10 and 20. The regulations also stipulated that any person in custody who escapes would lose the benefits acquired or to be acquired in connection with surrender to justice. In addition, the government stipulated that escape would become a crime from the very moment that it occurred, and not after 72 hours, as was specified in the Penal Code.

Nevertheless, with the defeat of the shakeup in mid-October, the measures were left in abeyance. The government attempted to revive them in the Congress, but it was clear there that certain Congress members (described by one government source as "typical friends of the cartel") sabotaged the progress of the bill. Without effective tools capable of dealing with the prison corruption and the power of the drug traffickers confined in the maximum security prisons, the Inpec director, Colonel Pelaez, then decided to reinforce a series of measures for purging the surveillance personnel. Within less than six months, he dismissed 547 employees.

The possibility of an escape was always present in Pelaez' mind. And he warned the high government officials about it so often, through documents that he designated an "Appreciation of the Situation," that, as SEMANA was told by an official from the Ministry of Justice, "at Narino House they viewed Pelaez as some kind of 'nut predicting escapes.'"

The fact is that, just as in the tale of the boy who cried "wolf," the prison director's warnings were losing effect, "among other reasons (the source added) because of the conviction existing at the Palace that the surrender of the cartel's top echelon was sincere, and was based on a calculation by its members that they could procure good reductions in sentences, especially if there was a change in the head of the Prosecutor General's Office in March, and if the faceless justice system was defeated in the Congress." The problem is that this calculation was negated when the State Council decided that Alfonso Valdivieso should remain in his post until 1998, and when the "riders" in the bills against the faceless justice system were rejected in the legislative chambers. The last hope for a change in the faceless justice system had appeared in December with the statements of the new justice minister, Carlos Medellin. However, it vanished when the new cabinet member explained the scope of his assertions.

The security agencies were aware that these events might have dashed the hopes of the kingpins, and hence at least two intelligence documents reached the high government levels at the beginning of this year, with warnings of new dangers of escape. Nevertheless, oddly enough, the suspicions were not focused on Santacruz, but rather on Miguel Rodriguez Orejuela and Victor Patino. This calculation proved erroneous, as was confirmed on Thursday. To some extent, it was predictable for several reasons: first, the fact that Santacruz had never surrendered, but was captured. Second, apart from the proceedings for drug trafficking, he had hovering over him a trial for murder with terrorist intentions, in the case involving Roldan Betancur. And third, in that case two key witnesses had just appeared, whose testimony virtually guaranteed his conviction.

Determination of Responsibility

A few minutes after the escape occurred, and when the determination of responsibility was already beginning, government sources attempted (in talks with reporters) to direct their attention toward the Prosecutor General's Office. As a result, the rumor began circulating that the secretary of the Prosecutor General's Office who had attended the hearing in the morning had disappeared, and that the escape car, in fact, belonged to that institution.

All this was refuted with the passage of time. The secretary never disappeared, and, in fact, was one of the first to give his account: He had left the prison in the morning, at the end of the hearing, and had never returned to La Picota. Furthermore, the blue camper used in the escape, initially described as a "twin" of the one belonging to the Prosecutor General's Office, proved quite different from the red Mitsubishi that had carried the prosecutors to the morning hearing.

The responsibility necessarily fell on the prison guard force, insofar as the operational part was concerned, and on the government, as was understandable, with respect to the so-called political liability. This was understood by the director of prisons, Colonel Pelaez, who submitted his resignation and was replaced that very Friday. This was something, although comprehensible given the fugitive's status, that was nevertheless unfair to a man who did nothing but warn those on the high government level that an escape such as this could occur. One cabinet official remarked: "It is true that he gave the warning, and that not everything he requested could be given to him, but, in any case, it was his responsibility not to allow any one of those men to escape."

As for the degree of responsibility that the Prosecutor General's Office might bear, particularly regarding the procedures for the entry of the faceless prosecutors into the prison, mentioned in a critical tone by Justice Minister Carlos Medellin on Friday, the fact is that those procedures and the guarantees to prevent breaches of prison security had been agreed upon between the government and the Prosecutor General's Office months earlier. What happened on Thursday was that it became obvious that many of those procedures were being violated, and that those in charge of enforcing them, that is, the prison guards, were acting negligently, whether because of a routine attitude, corruption, or a combination of both. All this occurred despite the reports that were reaching the government with increasing frequency to the effect that an escape was being planned.

The Damage

In any event, as is obvious, the government and the nation received the news of Santacruz' escape as it would have received that of a real disaster. And this was due not so much to the fact that this man's escape from La Picota means that what was gained last year has been lost (because, in fact, the Rodriguez brothers and three other cartel kingpins remain behind bars), but rather to the dimensions of the international "stupidity" associated with what occurred.

The Samper government is by no means the first that has had to cope with such "stupidity" (Pablo Escobar and seven other kingpins escaped its precedessor in a single night). But the problem is that its international image situation, especially in the United States, due mainly to the charges of the cartel's financing of the presidential campaign with money, puts it in a far weaker position than that of its predecessors for dealing with the coming debate. Judging from the harshness of the U.S. authorities' statements, this debate promises to exacerbate the relations between Bogota and Washington even more. In fact, those statements ranged from the comment "we are astounded," made by the undersecretary of state for narcotics, Robert Gelbard, to the spiteful reference to extradition from the DEA chief in Miami, James Milford. The latter remarked: "If the Colombians can't contend with the cartel chiefs, let them send them to us here."

The imminent danger to the country is the certification issue, which is due to be decided in March. President Samper may claim: "I am not concerned, because this is an internal decision for the United States." But the fact is that this decision (apart from the extreme unpleasantness of that process) will have very serious external effects, particularly for Colombia, because the country will be left exposed to stiff trade sanctions that could harm the domestic economy appreciably. At first, it was believed that Santacruz' escape would not affect the certification, because this process evaluates what occurred in Colombia's antidrug battle until last November. But Friday's communique from the embassy made it clear that this point is a mere detail: "Although this escape did not occur during 1995, the capture did, and it is impossible to prevent this from having a certain effect on the certification process." As if to say that the country should be prepared to see an already quite complicated issue become even more complicated.

[Box, pp 20-21]

Is Narcoterrorism About To Appear?

Jose Santacruz Londono's escape from La Picota on Thursday has several possible interpretations for the security agencies. But nothing is more disturbing to them and to the National Police than the prospect that it might mark the return of narcoterrorism. That phenomenon has been absent from the scene of the antidrug battle for over two years, since Cesar Gaviria's government brought down Pablo Escobar.

But why do the authorities believe that Santacruz' escape could mean the beginning of that terrifying situation? The analysis is based largely on the personality and record of Santacruz. Unlike the other five cartel ringleaders, this man bears the brunt of accusations relating to several murders. Santacruz is the only member of this group in whose record the word "car bomb" appears. In fact, the fugitive was brought to trial last year on charges of murder with terrorist motives, in the case of the Antioquian governor, Antonio Roldan Betancur, killed when a vehicle loaded with explosives blew up alongside his entourage on a Medellin street on 4 July 1989. In the same trial, Santacruz faced charges for the de facto deaths of three more persons, and the destruction of the property of others caused by the explosion.

However, the accusations against him for murder are not confined to Colombia. Santacruz has been accused by the United States Attorney General's Office of the crime involving the Cuban-American journalist, Manuel de Dios Unanue, as well as the deaths of a port agent and a trafficker in Miami. This sinister record prompted the WASHINGTON POST newspaper to devote a series of articles to him about a year ago, in which he was described as one of the most bloodthirsty figures in the Cali cartel.

The director of police himself, General Rosso Jose Serrano, discussed those fears frankly with reporters on Friday. In his view, a man such as this does not escape without having a very clear idea of what he intends to do while at large. Other sources from the security agencies explain that, besides the fact that Santacruz is now at large, he might contact Helmer Herrera Buitrago, better known as "Pacho" Herrera. The latter had announced his surrender to justice within the next few days, a process which, according to his attorney, has been precluded for the present, because Santacruz' escape has created new circumstances. SEMANA was told by a high-ranking government source who attended the Security Council meeting on Thursday: "Herrera is the other cartel member of whom, according to some intelligence reports, anything of a criminal nature can be expected. Therefore, we have analyzed whether, on the street, Santacruz and he are plotting an alliance. That collusion could mark the arrival of very difficult times from the standpoint of terrorism."

Although this latter supposition of the authorities may be exaggerated, because it is not easily understood how a man who has expressed his intention of surrendering to justice would decide overnight to start a war, the fact is that the possibility of Santacruz and Herrera joining together is keeping many of those in the government awake at night. The government source added: "In fact, if Herrera surrenders, it is possible that the conditions of his incarceration, since he obviously would begin spending time with those already behind bars, may become especially strict, because we want, at all costs, to prevent Santacruz from joining another one of these dangerous men."

Peru

Peru's President: No More Major Cabinet Changes

PY2501212796 Lima EXPRESO in Spanish
17 Jan 96 p A6

[FBIS Translated Text] Cajamarca — President Alberto Fujimori yesterday said there will be no more changes in the cabinet, which is headed by Dante Cordova. Fujimori thus concluded the process of renewing his team of aides in the government.

Fujimori denied that the changes in the Ministries of Defense, Justice, and Transport have prompted a crisis within the ministerial cabinet. He said: "These are just routine rotations of ministers and efficient people."

He recalled that some of the officials have held posts of confidence for up to four years, and that they were then assigned to play other roles. He then announced that former Defense Minister Victor Malca Villanueva is the new ambassador to Mexico.

The Peruvian president also announced that Petroperu [State Petroleum Agency] will be sold in parts over the next year. He mentioned the La Pampilla refinery plant, saying that there are several companies interested in participating in its privatization. He added that Siderperu [Peruvian Iron and Steel Company] will be auctioned this year because there are very favorable conditions for its transfer to private hands.

Fujimori said that a thorough analysis is being made on the possibility of selling the National Ports Enterprise (Enapu), especially concerning aspects related to national security.

Peruvian 'Expert': Ecuador Preparing for War

PY2501185096 Madrid EFE in Spanish
1720 GMT 22 Jan 96

[FBIS Translated Text] Lima, 22 Jan — Ecuador has purchased weapons beyond its needs to maintain a dissuasion force and is considering the possibility of an eventual war. This was stated today by Peruvian expert in security issues, Eduardo Obando.

The recent Ecuadoran purchases of war materiel, disclosed by the international media, "are only made by someone thinking of a specific war."

On 21 January, the private "America Television" network reported that during 1995 "the flow of weapons into Ecuador never ceased."

Weapons and electronic instruments for military use have been installed not only in the zone of the Ecuadoran-Peruvian border conflict, "but also along the border" between the two countries.

Ecuador and Peru staged an undeclared war between 26 January and 28 February 1995, the third in the past 50 years, just because of Ecuador's refusal to accept the border agreement signed and ratified by the two countries in 1942.

According to "America Television," Ecuador has installed its new weapons at its Taura, Manta, Salinas, and Matas bases. Each base has 27 HN-5A missiles, six twin-cannon 37 mm anti-aircraft guns with radar system, and eight twin-cannon 23 mm anti-aircraft guns with laser systems.

Other acquisitions mentioned are 30,000 field mines, 60 French Magic 2 air-to-air missiles, and an undetermined number of Shafri air-to-air missiles.

Obando believes the Ecuadoran Armed Forces "are not purchasing simple weapons just to maintain their dissuasion force but are specifically thinking about the possibility of an eventual war."

He also regarded as very significant the fact that Ecuador recently acquired three T-55 tanks from Nicaragua, "because that is the main armored vehicle Peru has and they want to study it, take a look at its armored system, learn its advantages and disadvantages."

Referring to the Ecuadoran anti-air system, the expert said: "It also confirms they are preparing for war and that they are worried Peru may bomb their airports."

Obando added that the recent attacks by Ecuadoran patrols on Peruvian border detachments "clearly indicate someone is doing some planning and is short of some information."

He added that "they crossed the border and reached Bobonaza (post), the shortest route from Ecuador to the northern Peruvian oil pipeline and found out the number of Peruvian soldiers in the zone."

He ended by stating that "the best way to find out is by opening fire on a Peruvian post. From the response, one can more or less know how many soldiers there are and what their firing capacity is."

Peru Urged To Adopt New Economic Guidelines

PY2501181596 Lima LA REPUBLICA in Spanish
14 Jan 96 p 16

[Commentary by Gerardo Barraza]

[FBIS Translated Excerpt] Engineer Jorge Camet Dickman completed three years as economy and finance minister at 1800 sharp on 8 January. He has thus served for the longest period in his post and is the second most senior cabinet member after Interior Minister General Juan Briones. [passage omitted]

In just a couple of words, what is the balance of Camet's administration? In January 1993 he saw the accumulated inflation rate during 1992 totalled 56.7 percent, but by December 1995 the accumulated inflation rate has dropped to 10.6 percent. In January 1993 the foreign debt totalled $23.998 billion, but by September 1995 the Peruvian foreign debt totalled $26.942 billion. This is without taking into account the mysterious "Brady Plan." What happened? Why did our debt increase if we paid more? This is the perverse logic of the IMF-monitored economic programs which were fully endorsed by Engineer Camet and his advisers, Roberto Abusada, Jorge Peschiera and Jaime Pinto.

Where Are We Heading?

Three years after Engineer Camet assumed the Economy and Finance Ministry, the situation at the microeconomic level is truly "grim." Low salaries, unemployment at all levels, indebted companies asphyxiated by tax burdens and labor-related expenses, a "cooling down" of the economy with recession, an increasing loss of competitiveness of exporting companies because of the lower exchange rate, a worrying increase in the commercial balance deficit which in the near future may jeopardize the balance of payments... there is a truly a generalized anxiety.

The feeling that prevails is that of having crossed the desert with the promise of reaching the "promised land" but finding no oasis on the horizon. We have achieved economic stability; we have been reinstated [to the international financial market], although some may allege we are entrapped; we have positive economic indicators and GDP growth... but it seems we have lost our way.

Economic agents reflect that we have lost our way in the handling of the national economy. Do we dare to fight for another five years against enemies of the past?

Notwithstanding Economy Minister Camet's stability in his post, it is obvious that urgent economic guidelines must be adopted. Someone must explain where we are heading and why. This must be done as soon as possible to avoid being taken by surprise by a Mexican-style crisis.

Correction: MRTA Leader Shipped Weapons Via Peru

PY2301123496

The following correction pertains to the item headlined "MRTA Shipped Arsenal Via Peru for 'Andean Liberation Army'," published in the 23 January Latin America DAILY REPORT, page 66:

Column one, fourth full paragraph, first sentence make read: ...[FBIS Translated Text] Lima, 21 Jan (EFE) — Nestor Cerpa Cartollini... (supplying dropped dateline)

Uruguay

PRC Vice Premier Visits Uruguay, Seeks To Boost Trade

PY2501231896 Montevideo EL OBSERVADOR in Spanish 18 Jan 96 p 10

[FBIS Translated Text] Zhu Rongji, PRC vice premier and a "guru" in economic matters, will arrive in Uruguay at the end of January within the framework of a tour of the southern cone that seeks to enhance trade relations and economic cooperation with countries of the region.

Zhu, who is the "fourth" most important person in the Chinese Government, will visit Uruguay, Argentina, and Chile at the invitation of the governments of those countries from 26 January to 6 February. The Chinese vice premier will subsequently travel to Germany.

Zhu was the brains behind the austerity and macroeconomic control measures implemented in 1993, which enabled the Chinese economy to achieve rapid and stable growth. It is expected that the vice premier's state visit will yield fruit in terms of greater economic cooperation and commercial flows between the PRC and the Latin American southern cone, which is considered to be growing at a good pace despite its untapped potentials.

Zhu, besides being vice premier and financial wizard, is also a member of the "political bureau" of the PRC Communist Party. He is seen as the candidate to occupy the PRC presidency.

Uruguayan Businessmen on Argentine-Brazilian Auto Accord

PY2501022796 Buenos Aires TELAM in Spanish 1533 GMT 24 Jan 96

[FBIS Translated Text] Montevideo, 24 Jan (TELAM) — Businessmen from the Uruguayan car manufacturing industry today impugned the attitude adopted by the Argentine and Brazilian Governments because they left Uruguay and Paraguay — the other two Mercosur [Common Market of the South] member countries — out of the [automotive] agreement the two major Mercosur partners signed this week.

Jose Astigarraga, chairman of the Uruguayan Chamber of Automotive Industries (CIAU), said in Montevideo today that Argentina and Brazil "make decisions as if they were the owners of Mercosur," since they signed a car trade agreement without consulting the governments of their Mercosur partners.

On 22 January, Argentina and Brazil reached agreement on an automotive system that will be effective until the year 2000, thus putting an end to an arduous conflict between the two leading car manufacturers in the region, which were scrambling for the substantial investments that several international automarkers intend to make in the region.

In asserting that "this accord will not affect" their country, Uruguayan Government officials played down the critical attitude of the Uruguayan industrialists, who have questioned several aspects of the trade agreement between Argentina and Brazil.

Federico Slinger, Uruguayan minister of industry, energy, and mining, wondered "why the agreement in question should annoy local businessmen when bilateral agreements prior to the Treaty of Asuncion," establishing Mercosur, "protect Uruguay's trade with those nations."

Nevertheless, Astigarraga deemed that the agreement between Argentina and Brazil goes against Uruguay's stance on "free trade within Mercosur, which opposes the need for trade compensations" as provided for in the bilateral accord.

This accord, which will regulate trade in cars between Brazil and Argentina, provides that the adoption of countervailing measures to offset imports and exports is a prerequisite for having "free access to each other's market" — that is, paying no tariffs at all.

Furthermore, Astigarraga argued that although the accord refers to the "Mercosur" stance on the incorporation of the provision requiring a 60-40 percent ratio for domestic and imported components, respectively, in the manufacturing of cars, "it provides for a 2.5 percent yearly increase of the current minimum in domestic components."

The gradual increase in domestic parts "would show that Argentina and Brazil want to raise the minimum to 70 percent," a percentage which Uruguayan assembly plants consider to be too high.

The CIAU chairman further stated that the agreement between Argentina and Brazil will benefit those nations because, by establishing "a more flexible system for new car models" — which allows for "a three-year term for manufacturing cars having a minimum of 50 percent of domestic parts" — it will be instrumental in attracting investments.

Uruguayan Leaders Reject Bosnian Police Force Plan

PY2601011896 Montevideo EL OBSERVADOR in Spanish 17 Jan 96 p 3

[FBIS Translated Excerpt] President Julio Maria Sanguinetti and Interior Minister Didier Opertti have rejected the possibility of sending members of the Police Force to Bosnia after politically evaluating that it would be "highly risky" to send missions to that conflictive region.

The interior minister reported that two officials of the National Migrations Directorate have been separated from their posts and an inquest has been called to establish their responsibility in the disappearance of 15 Chinese citizens in transit to Argentina.

A high-ranking Interior Ministry source told EL OBSERVADOR that the minister and the president decided not to accept the UN offer to send police personnel on peace missions in Bosnia. The consulted source said: "This is the outcome of a political evaluation: The executive branch considers them high risk missions. It must not be forgotten that it is a civil war zone." The minister on 16 January informed the UN of the decision that the government had made.

Opertti stated that this in no way means Uruguay will abandon its traditional cooperation with international organizations in the task of preserving peace.

The executive branch made another decision regarding the peace mission in the Sahara. The interior minister announced that the police personnel currently in the Sahara will be renewed. The participation of police personnel in the mission in the Sahara is very small: There are just four policemen participating, and the conditions in that region are considered by the Interior Ministry to be "optimum" for participation. [passage omitted]

Uruguayan Economic Team Gives Projections for 1996

PY2601025496 Montevideo EL OBSERVADOR in Spanish 17 Jan 96 p 9

[Article by EL OBSERVADOR reporter Ignacio Gabriel]

[FBIS Translated Text] Having set its sights on rolling back inflation and feeling primary concern about how to improve fiscal performance, the economic team is rounding off this year's program by defining monetary policy.

Following a year that saw a record increase in international reserves, the estimates of the program the economic team designed for 1996 include — according to what official sources told EL OBSERVADOR — the objective of "scanty growth" in foreign currency reserves.

Reassured by the okay given to them by the IMF mission and with their minds at ease due to the positive repercussions of the announcements made by Finance Minister Luis Mosca at the Christian Association of Business Executives (ACDE) on 12 December — when he expounded the main projections for 1996 — the members of the economic team were in no hurry to put the finishing touches to monetary policy for 1996.

A high-ranking source close to the economic team told EL OBSERVADOR that "we needn't hurry." On the contrary, the source said: "It will be better to see how we ended the year 1995 and define the monetary guidelines for 1996 once we have those figures."

Data on 1995 monetary results proved the economic team right. International reserves grew by $209.5 million last year, thus quintupling forecasts for that period (it was estimated that foreign reserves would grow by $40 million).

According to the aforementioned sources, this was an "excellent" performance resulting from a "sound reserve policy."

Among the objectives the economic team has in mind to achieve, let us mention the resolution to slash the fiscal deficit "to levels below 1 percent of the GDP," and the attempt to improve the current accounts balance, which currently shows a deficit of "a little more than $300 million," according to the sources.

Given the fact that capital movements are thought to yield a $330 million surplus, if the assumption on which the economic team is working proves right in relation to the current accounts, the BCU [Central Bank of Uruguay] international reserves will increase by $30 million.

The sources acknowledged that forecasts include the effects arising from a possible BCU intervention in the exchange market to ensure a steady decrease in the devaluation rate.

With regard to public accounts, it was explained that taking into account the estimated behavior of the national government and state-run companies, the total deficit of the public sector "will be practically that of the BCU." To that effect, it was reported that it is estimated that the national government will have a deficit that "surpasses 1 percent of the GDP" and that this deficit will "in all likelihood be offset" by a comparable surplus to be accumulated by government-owned enterprises.

Furthermore, the economic team deems that the current accounts balance will improve thanks to a contraction in the trade deficit, which would stand at $600 million. Tourism sector projections for this year calculate revenues at some $300 million.

The main economic projections for 1996 announced by the finance minister at the ACDE indicated that the GDP will grow by 1 percent, that inflation will run at 20 percent [per annum] while the rate of quarterly devaluations will slow down to an accrued annual devaluation of 21-22 percent, that exports will expand by 3 percent in volume terms, that consumption will increase slightly — below GDP growth — and that public investments will edge up by 8 percent.

Uruguayan Paper Interviews IDB President

*PY2601023596 Montevideo EL PAIS in Spanish
14 Jan 96 Sunday Supplement p 2*

[Interview with Inter-American Development Bank, IDB, President Enrique Iglesias by Miguel Carbajal in Montevideo; date not given]

[FBIS Translated Excerpt] [passage omitted] [Carbajal] And, as we are on the topic, how does the IDB president see Latin America at the dawn of the year 2000?

[Iglesias] I believe that basically our challenges start with the resolving of pending problems. The continent must grow, and it must grow much more than has been the case. Quicker action must be taken if the great pending social issues — and there are many, often dramatic, ones — are to be resolved. They must be the main objective of our governments. Furthermore, Latin America's incorporation internationally must be improved.

[Carbajal] How do you see Latin America compared with other areas?

[Iglesias] We are, of course, a developing continent. But, we are also a continent with a very great potential. I maintain that none of the major issues convulsing the world today, issues that are nearly impossible to resolve, are present in Latin America. Latin American issues can be resolved. I do not think in the same way when I observe the realities and problems of other continents; they are difficult, because of the historical roots that they have. In addition, I believe that because of its human, natural, and economic resources, Latin America is not condemned to live with underdevelopment. On the contrary, I believe that the 21st century will be Latin America's century, the awakening of Latin America. [passage omitted]

[Carbajal] And how do you observe Uruguay?

[Iglesias] I would say that the country is emerging from difficult times that dragged on for decades, and that it is rediscovering the fundamental sources of its economic and social development. First, there is the recovery of stability, which is finally in sight. That is very important. Second, there is the need to modernize our institutions because they are vital if we want a more dynamic country. And, I speak about topics such as education and social security, topics that today are the concern of the world as a whole and from which no one can run away. In this respect, I believe that the country needs to discover the main points of an agreement. The possibility of discovering common points upon which there is no dissent must increasingly emerge in Uruguay. There will always be disagreement because that is obviously democracy. But there must be more points that unite us than those that do not unite. I very much hope that the Uruguayan political system, in consultation with society, quickly finds those common points that do not require discussion no matter who is in the government, no matter what party is in power.

[Carbajal] Do you find the Uruguayan political panorama much more relaxed, with a lesser degree of confrontation?

[Iglesias] That is also my impression. I follow national activities daily. I believe that I can perceive that old ghosts have disappeared, old myths, old beliefs that had become deeply rooted, I would say, on the one hand, due to the over-emphasis on ideological differences, and on the other hand, due to self- confusion, and that caused the long night of inflation in the country, becoming a veil that permanently hid reality, deforming and altering it. And, in this respect, with stability we are going to find the points of consensus. That is the example that has been given by countries like Chile and others in the continent. I do not see progress as an elusive reality for Uruguay; quite the contrary. Nor is its size a problem. I believe that size is an asset under certain circumstances, and this is one of them.

Venezuela

Venezuelan Interior Minister on Public Order Situation

PA2501121496 Caracas Venezolana de Television Network in Spanish 0200 GMT 25 Jan 96

[FBIS Translated Text] According to Interior Minister Ramon Escovar Salom, the violent incidents that have taken place in the country were led by small groups of losers. He said everything is under control.

Ramon Escovar Salom thinks the disturbances are being planned, but reiterated that they are not and will not be successful. The cabinet member says he does not believe the increase in the prices of various products is the true reason behind the protests.

[Begin Escovar recording] These are small groups with no political future that are still thinking about social unrest and keep forgetting that every time they try something they fail. They have failed with their potbanging and will continue to fail, because the majorities in the country does not want that. Police authorities have orders to prudently but firmly reject all attempts to disrupt public order. This is what they are doing in the entire country. It is possible that they may have to make a few arrests as a result of these procedures. [end recording]

[Madrid EFE in Spanish at 0008 GMT on 25 January carries a 290- word item stating, "The Venezuelan Government said today, 24 January, that there is 'order' in the entire country despite the protests against the government's economic policies and a possible increase in mass transit fares that have taken place in Caracas and in the interior of the country during the past three days."

According to Interior Minister Ramon Escovar Salom, "The people understand that the goverment must take a series of economic measures, and perhaps some of them may not like them, but the protests are organized by other persons who are trying to create street uprisings."

The report adds that Groups of students demonstrated today in various parts of Caracas and even in the vicinity of Miraflores Palace, where the president was celebrating his 80th birthday. According to local radio stations, other demonstrations took place in Maracaibo, Barquisimeto, and Valencia as well as in other parts of the country, EFE reported]

Venezuelan Guard Members on Clash With Smugglers

PA2501134696 Caracas EL UNIVERSAL in Spanish 21 Jan 96 p 1-16

[Report by Berenice Gomez V.]

[FBIS Translated Text] Caracas — Venezuelan military officers described the event in which a 13-year-old minor was wounded as "just another border incident." According to ranking Venezuelan military sources, this incident took place when members of the GN (National Guard) tried to stop the smuggling of fuel (gas) to Colombia, on the Arauca River, in the area of El Amparo, La Mitoquina neighborhood, near Arauquita.

They said that the incident took place as follows: "At approximately 0830 yesterday morning, members of the GN assigned to Guasdualito's Detachment No. 17 discovered a group of smugglers of domestic gas at a dock on the Venezuelan side, on the Arauca River, as they were trying to illegally ship fuel to Colombia."

"There was a barge at the dock, and there was another one coming from the Colombian side of the border. When the guards were conducting the search and arrest of the smugglers, they apprehended a Colombian national named Parmenio Suezcun. As the guards tried to arrest Suezcun, he began to struggle with the guard who was holding him, and the men who were carrying the gas cylinders staged a riot in an attempt to free him and take the gas cylinders."

"Suezcun struggled with the GN member and threw him into the river. The other guards tried to quench the riot by shooting into the air and ordering the rioters to stop. Suezcun took advantage of the confusion and boarded the other barge."

"Meanwhile, disturbances continued on the Venezuelan side. In light of the aggressive attack, the guards were forced to shoot, and it was then when Nestor Eduardo Rodriguez, a 13-year-old boy, was wounded."

"The guards have indicated that in the various incidents involving poppy growers, smugglers, or rebels, children and women are being used as human shields, because the criminals know that the GN will not shoot at them."

Venezuelan Petroleum Bidding 'Complete Success'

PA2501134496 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Jan 96

[Report by Zaida Pereira]

[FBIS Translated Text] The opening of the petroleum industry to the national and international private sector has been a complete success. In this regard, the representative of the Mobil Company, one of the first winners of the process, stressed that the company is willing to invest an additional $1 billion if the country's economic situation improves or changes. Zaida Pereira has more:

[Pereira] The expectations of Venezuelan authorities were surpassed in a hard-fought competition involving 11 companies that submitted bids for the exploration and exploitation of light, medium, and condensed crudes in the southern area of Maracaibo Lake, in La Ceiba, between the States of Zulia and Tachira. There is great confidence that future bids will be as good as this one. This one calls for a 50 percent share of revenues and a $103 million bond:

[Begin recording] [Energy and Mines Minister Erwin Arrieta] This is the best demonstration of the petroleum world's trust in Venezuela, its people, and its wealth. Of course, this marks a new direction within this nationalization process.

[Venezuelan Petroleum President Luis Giusti] We can celebrate this first step that we have taken, and we will very closely monitor future developments. [end recording]

[Pereira] Mobil representatives, who won the bid along with (Beba) and (Nipon), stressed that they have confidence in Venezuela, but their investments will improve with certain economic changes:

[Begin Mobil Representative in Venezuela Frank Alcock recording] We hope that there will be future improvements. For example, the dollar-based accounting system that is used in many countries for fiscal purposes, accelerated depreciation, the free exchange system, and a clear definition of municipal taxes. [end recording]

[Pereira] Representatives of this consortium made up of the United States, Germany, and Japan are visiting our country to start negotiations while they wait for the Congress to give this project the green light.

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